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Soviet Is Seeking Better Trade Ties, U.S. Report Says

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — The Soviet Union has indicated a "strong interest" in expanding trade with the United States and has agreed to take several steps, such as ending discrimination against U.S. companies, to improve the relationship.

Tass Says U.S. Has Darkened Mood for New Geneva Talks

By William J. Eaton
Los Angeles Times Service

MOSCOW — The Tass news agency has accused the United States of "darkening the atmosphere" for new Geneva talks on arms control by falsely accusing the Soviet Union of breaking existing agreements.

In a dispatch on Saturday, Tass assailed a Reagan administration report that was sent to Congress on Friday. The report said it had confirmed a previous report of a Russian violation of an anti-ballistic missile agreement and reiterated charges of other violations.

Tass labeled the report a "crudely manufactured falsehood" and accused the Pentagon of trying to scuttle the 1972 treaty limiting anti-ballistic missile defense systems so that it can go ahead with a "crash militarization" of space.

"It is crystal clear also that, by issuing the falsehood, Washington obviously pursues the aim of darkening the atmosphere on the eve of the Soviet-American talks in Geneva next March," Tass said.

U.S. and Soviet negotiators are scheduled to meet March 12 in Geneva to discuss controls on strategic and intermediate-range missiles and on space-based weapons and defense systems.

In his message transmitting the report to Congress, President Ronald Reagan said that Soviet "non-compliance" with past agreements "undermines the confidence essential to an effective arms control process in the future."

Tass did not offer evidence in rebuttal of any specific charge, but it declared: "The United States does not have any facts to back up the accusations, and it cannot be otherwise since such facts simply do not exist."

The Reagan report says that it has found evidence to confirm its assertions that the Russians have been developing and testing a variety of new anti-ballistic missile equipment, in violation of the ABM treaty.

The report also repeats charges that the Russians have violated or "possibly violated" various agreements by using chemical and toxic weapons, deploying the mobile SS-16 missile, testing a second land-based intercontinental missile, using ABMs and not giving the West prior notification of large-scale maneuvers in Eastern Europe.

U.S. Declines Comment

The State Department said Saturday that it had no comment on the Soviet press denials of the U.S. charges. Reuters reported from Washington.

The report says that one Soviet official, Vladimir S. Alkhimov, chairman of the State Bank, hinted unofficially that Jewish emigration might be stepped up if relations improved.

The renewed interest in Soviet-U.S. trade coincides with an agreement between the two countries to resume arms-control negotiations next month. U.S. officials say there is an implicit link between the trade and the disarmament talks.

The report, a copy of which was obtained from a government official, is classified secret. It was presented last week at a government meeting on international economic policy by Lionel H. Olmer, undersecretary of commerce, who led the U.S. delegation to Moscow.

In the first trade discussions with Moscow since 1978, the Americans met with a Soviet delegation led by a deputy minister of foreign trade, Vladimir N. Sushkov.

The U.S. report, in speaking about the unofficial comment about Jewish emigration prospects by the chairman of the State Bank, said: "Chairman Alkhimov, in particular, said that if good relations were restored with the United States, 50,000 Jewish emigrants annually would be 'no problem.'"

After reaching a high point of nearly 50,000 a year in the 1970s, fewer than 900 Jews were permitted to emigrate last year. There are 1.8 million Jews in the Soviet Union out of a total population of 276 million.

U.S. officials were uncertain how to interpret the remark about the prospects of Jewish emigration. On the one hand, it was taken as an indication of a desire for trade privileges that Congress has denied the Soviet Union since the Jackson-Vanik amendment to the 1974 Trade Act. That amendment bars tariff reductions on goods being imported into the United States from countries that restrict emigration.

On the other hand, the officials said there were no signs of improvement in human rights. The State Department had just published a report, "The Soviet Crackdown on Jewish Cultural Activities," which says 11 Jews were arrested and four sentenced to labor camps in the last six months as part of a campaign against dissidents.

Trade and political relations deteriorated after the Russians sent troops into Afghanistan in 1979. President Jimmy Carter imposed a grain embargo that was overturned by President Ronald Reagan and the Reagan administration tried to block construction of a natural-gas pipeline from Siberia to Western Europe.

From \$4.4 billion in 1979, two-way trade fell to \$2.9 billion last year. Soviet-American trade is highly unbalanced, with U.S. exports, mainly wheat, far exceeding imports from the Soviet Union. The leading Soviet export to the United States is ammonia used to make fertilizer.

The Soviet Union's trade with some West European countries substantially exceeds that with the United States. The main West European partners of the Soviet Union are West Germany, Italy and France, all purchasers of oil and gas.

The United States and its Western allies maintain controls over exports of advanced technology to the Soviet bloc. These controls are subject to frequent tensions between those who are concerned about a Soviet military buildup and those who favor expanded trade as a way to reduce tensions.

On the recommendation of the delegation, the administration has agreed that the January meeting

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ROADBLOCK — A West Bank settler with a walkie-talkie confronting a Palestinian Sunday during a roadblock by Israeli settlers, protesting recent Arab attacks on Israeli vehicles in Israeli-occupied territory. Page 2.

Bhopal: High-Tech Risks for Third World

By Stuart Diamond
and Robert Reinhold
New York Times Service

BHOPAL, India — In this teeming central Indian city where an industrial gas leak in December killed more than 2,000 people, the problems faced by multinational companies in developing countries come into sharp focus.

Vendors sell dried cow-dung for fuel while nearby factories install automated solar-energy devices. A business executive does financial statements on a computer while outside his window two men clothed in little more than rags try to push a rice-laden wooden cart out of a drainage ditch.

A new television transmission tower looms over the countryside; in front of it, a woman in a sari carries gravel for construction in a basket on her head.

The advances that have made India an industrial power have, in most areas, not replaced previous methods. Instead, the new technology forms a veneer on a continuum of life-styles and perceptions that stretch into the past.

In this setting, the Union Carbide Corp. and its Indian affiliate, Union Carbide India Ltd., built in Bhopal a complex pesticide factory where, on Dec. 3, a leak of methyl isocyanate caused the worst industrial accident in history. In addition to those killed, 200,000 people were injured.

The accident, many Indian technological experts and others say, has raised questions about doing business in the Third World — not only

for the multinational companies but for the host countries as well.

"Western technology came to this country but not the infrastructure for that technology," said Dr. S.R. Kanani, an expert on industrial health and the hazards of development.

"A lot of risks have been taken here," he said. "Machinery is outdated. Spare parts are not included. Maintenance is inadequate. Bhopal is the tip of an iceberg."

Since the accident, scientists, government officials, policy-makers, medical experts, cultural specialists and business leaders, including officials from Union Carbide, have converged on the city to glean the lessons of Bhopal. The city, they say, has become a laboratory for the study of how industrial companies can better conduct business in the Third World — and what steps might be taken to avoid a repetition of what happened here.

Interviews suggest that several lessons have already begun to emerge. These are some of the issues being discussed:

- Hazardous facilities often pose added risks in developing nations, where skilled labor and public understanding are often lacking. Special training is needed.

- Public education is critical in developing countries, where people often do not understand the hazards of toxic substances.

- A sense of urgency about all safety problems and attention to worst-case possibilities should be part of worker training, especially in plants with a high turnover of personnel.

- The company headquarters should audit its plants in developing countries frequently.

- Sophisticated backup safety systems, often installed in industrial nations, are needed to compensate for lapses in training and staff in developing nations.

- Host governments should closely and continually inspect hazardous factories and their managements, enforcing strict and quick sanctions for safety lapses.

- In making agreements with multinational companies, the governments of developing countries should consider only those technologies that can be safely handled in the long run.

Many technological experts note that India has tried to use new technology to solve its problems of food and medical care and that companies such as Union Carbide have been well-regarded as helping India to achieve those goals.

And while there have been official statements that the Bhopal plant will not again make hazardous materials, many here believe that the plant will reopen. The jobs are needed in a country where unemployment is high and there is no welfare system; those without jobs often must beg or face starvation.

"People here say: 'We have already lost 2,000 lives. Must we lose 2,000 jobs too?'" said Paul Saravastava, a native of Bhopal and an associate professor of management at the New York University Graduate School of Business Administration.

Officials in India point out that mul-

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Reagan Stresses Space, Nuclear Arms in Budget

By Bill Keller
New York Times Service

WASHINGTON — President Ronald Reagan's military budget calls for a surge of new spending on nuclear weapons and space research, with the intention of giving the United States a strong bargaining position in arms control talks with the Soviet Union, according to

President Reagan's proposed budget falls far short of his 1988 deficit goal. Page 3.

The \$313.7-billion budget nearly triples spending on the anti-missile space weapons research program, to \$3.7 billion, and includes a stepped-up, \$4-billion program for more MX missiles. These and other proposals are "vital to the success of genuine arms reductions," according to the Pentagon.

The documents, including details of the proposals, were intended for public release on Monday. They were obtained early from congressional sources.

The Pentagon expects even steeper budget increases in the following years, according to budget documents obtained elsewhere.

According to these forecasts, the military budget would climb by 13 percent a year to \$354 billion in the fiscal year 1987, and to \$401.6 billion the following year. Thereafter, it would grow by 5 percent a year for two years. The Pentagon estimates that inflation in this period would be 4.5 percent.

The overall budget figure was disclosed in December, after often bitter debates within the administration over its size. Many of the particulars also have been disclosed, so the detailed documents sent to Congress on Friday contained no major surprises.

The increase over this fiscal year's military budget is 10 percent, or 5.9 percent after an increase to make up for inflation. It is the smallest increase that Mr. Reagan has requested in the military budget since he came to office.

The budget now goes to a Congress that appears determined to cut it further in attempt to reduce the U.S. monetary deficit.

Defense Secretary Caspar W. Weinberger has been under steady and sometimes personal attack, even from leading members of his own Republican Party. They have insisted that they cannot cut domestic programs unless military spending makes a proportional sacrifice.

The Pentagon documents did not identify specific programs that were cut as a result of the cuts made from Mr. Weinberger's 1984 request. Most of the savings were achieved by adjusting for lower-than-expected inflation, limiting pay and buying some weapons at slower rates.

The \$313.7 billion that Mr. Reagan has asked for is, in effect, a request for the authority to spend that amount. But much of it will be spent over several years. The actual military outlays in fiscal year 1986, the amount that contributes to that year's deficit, would be \$277.5 billion. Much of it would pay off the bills of years past.

The budget proposal for 1986 would not end the production of any major weapons and would continue the administration's four-year emphasis on hardware "investment," the category that

(Continued on Page 3, Col. 4)

U.S. Food Aid Is Free, But the Costs Are High

By Seth S. King
New York Times Service

WASHINGTON — Each week, officials of the Agriculture Department and the Agency for International Development receive scores of letters from across the United States asking why farm surpluses cannot just be given outright to starving Africans.

The immediate answer, the officials say, is that the surpluses can be, but not simply or cheaply.

As 1985 began, the Agriculture Department was holding more than 24 million metric tons of edible farm commodities, which it had acquired in the last five years as payment on price-support loans to farmers or had bought to support the price of milk. In addition to that food, stored in government-owned warehouses, it is expected that at least 4.5 million tons of wheat and 2.6 million tons of corn will remain in farmers' storage bins next summer, before the 1985 crops are harvested.

The Agency for International Development, which arranges the transfer of famine aid to African countries, estimated last fall that at least three million tons of food would be needed in the next 10 months to prevent widespread starvation in Ethiopia, Chad, Kenya, Mali, Mauritania, Mozambique, Niger and Sudan.

The federal government said then that the United States should provide half of those three million tons and that other countries that export food, such as those in the European Community and Canada, Australia, Brazil and Argentina, should provide the rest.

According to the agency's latest count, the United States has spent \$279 million to process and ship 682,000 metric tons of food to the eight African countries. By the agency's calculations, \$411 million will be needed to acquire

and start the other 918 million tons on its way by the end of the fiscal year next September.

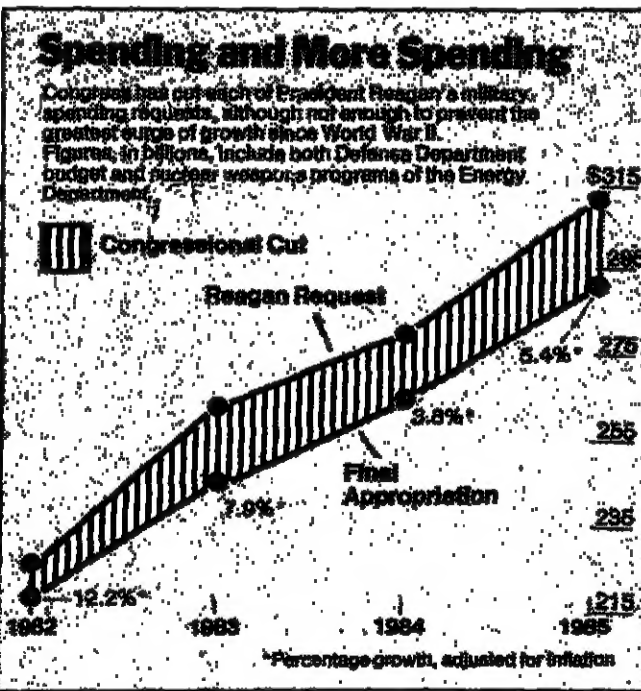
The administration expects Congress to approve \$185 million more for famine aid, which will be needed to buy and ship the rest of the commitment. To provide the remaining 1.5 million tons the Africans need, aid officials said, would cost at least \$1 billion.

Agriculture Department officials say a quarter of all the money allocated to famine relief is spent on transportation.

While all the food the Agriculture Department buys and stores is available for famine aid, little of it is of practical use in Africa. And most of it that is must first be processed by commercial food companies in the United States.

The primitive transportation systems in Ethiopia, Chad and Sudan cannot deliver butter and cheese to famine victims. Dried milk is easier to deliver, but there is so little drinkable water in those countries that milk powder cannot be turned into liquid. Instead, it is sprinkled

(Continued on Page 2, Col. 4)



Jailed Terrorists End Hunger Strike in Germany

Reuters

BONN — A hunger strike by jailed West German urban guerrillas, which sparked a campaign of violence and bomb attacks, appeared to be almost over Sunday after all but five of the protesters gave up their fast.

About 30 members of the ultra-leftist Red Army Faction began the action eight weeks ago. The strike started to crumble Friday when two faction leaders, Christian Klar and Brigitte Mohaupt, ended their hunger strike in a Stuttgart jail.

Security sources said they thought the command to end the strike was given on Friday after the fatal shooting of a Munich arms executive, Ernst Zimmermann, 55. The Red Army Faction claimed responsibility for the attack.

Legal sources said that only five prisoners were still on a hunger strike. Many gave up over the weekend after failing to achieve their demand of being allowed to be grouped together in prison.

The protesters, who have all been sentenced to jail terms or are being held while awaiting trial, are in different prisons throughout West Germany and West Berlin.

Mr. Zimmermann was the first



Brigitte Mohaupt



Christian Klar

Miss Mohaupt are all facing charges of murder in connection with violence by the Red Army Faction, known in the late 1970s as the Baader-Meinhof group.

Police have said they were taking seriously a claim by the Red Army Faction that it was responsible for the attack on Mr. Zimmermann.

The federal prosecutor's office in Karlsruhe said there were no indications at present that two suspected Red Army Faction members who have been named in press and television reports were responsible for the attack.

However, it said the involvement of the two, Werner Lotze and Barbara Meyer, could not be ruled out. Both are wanted on charges of suspected membership in the outlawed guerrilla group.

Direct Action Hunger Strike

Regis Schleicher, a jailed leader of the French terrorist group, Direct Action, ended a two-week hunger strike on Saturday, The Associated Press reported from Paris.

Officials of the La Santé Prison in Paris said that Mr. Schleicher, 27, ended the hunger strike he had begun on Jan. 19. But three other members of Direct Action apparently intended to continue to refuse food.

Mr. Klar, Miss Mohaupt and

Bomb Near U.S. Base In Greece Injures 78

Reuters

ATHENS — At least 78 people, including 70 American servicemen, were injured in a bomb explosion in a crowded bar not far from a U.S. air base in Greece, police said Sunday.

The explosion occurred at midnight on Saturday at the seaside resort of Glyfada, 15 kilometers (9 miles) from the center of Athens, injuring the servicemen, five Greeks and three tourists. It caused heavy damage in the ground floor of Bobby's Bar, frequented by soldiers and airmen stationed at the nearby Hellenikon Air Base.

An organization called the National Front claimed responsibility for the explosion. An anonymous caller telephoned a pro-government newspaper, Eleftherotipia, and said the group had made the attack because Americans "are responsible for the continued situation in Cyprus."

The caller told the newspaper the group would strike again soon against places frequented by Americans and Greeks who mixed with them.

Glyfada has a large American community mainly made up of military personnel and their families. Investigators said after combing the rubble that they had found a clock and fragments of a home-made time bomb.

Fifteen of the injured remained in the hospital, seven of them in serious condition. The others were discharged after treatment.

Relations between Greece's Socialist government and the United States have been tense recently and their disputes have received wide publicity in the Greek media.

Prime Minister Andreas Papandreu is committed to eventually closing all U.S. military installations in Greece.

He said last week that Greece would decide unilaterally on removing U.S. nuclear weapons stored in Greece. The United States replied that such a decision should be made after talks between the two countries.



MISSILE RECOVERED — Divers found the engine and main body of a Soviet missile that crashed last December through ice on a lake in northern Finland. To lead some warmth to an operation that was carried out in temperatures as low as minus 40 degrees Fahrenheit, a local official donned a Santa Claus costume. Page 2.

Pope Assails Guerrillas In Peru, Saying 'Evil Is Never the Road to Good'

United Press International
AYACUCHO, Peru — Pope John Paul II traveled to the heartland of Peru's guerrilla war on Sunday and delivered a stinging condemnation of the Shining Path guerrilla group that is trying to topple the government, warning that "evil is never the road to good."

"The cruel logic of violence leads nowhere," the heavily protected pope told 40,000 people at the Ayacucho airport, in his strongest attack yet against the violence that has led to the deaths of nearly 5,000 people in four years.

Shining Path is trying to overthrow the government of President Fernando Belaúnde Terry. Ayacucho, high in the Andes of southern Peru, is the center of the fighting.

"Evil is never the road to good," John Paul said. "You cannot destroy the life of your brothers; you cannot continue sowing panic among mothers, wives and daughters. You cannot continue intimidating the elderly."

The pope spoke from a wooden altar bedecked with flowers in front of the airport terminal. A wire

fence protected by a line of soldiers kept the audience at least 30 feet (9 meters) away. Another line of soldiers made up a defense line on the steep slopes of the mesa where the airport and the military's headquarters are situated.

John Paul did not mention Shining Path by name, but clearly addressed the group when he said:

"And now, I urgently want to address words to those men who have placed their confidence in armed struggle, to those who have let themselves be tricked by false ideologies, to the point of thinking that error and aggression, exacerbating the already lamentable social tensions and forcing a supreme confrontation, can lead to a better world."

"Therefore," he said, "I beg you with pain in my heart and at the same time with firmness and hope that you reflect on the paths you have taken. To you young men, I say, do not let your potential for generosity and altruism be exploited; violence is not a medium of construction."

"The many tears of innocent victims await your response," he added.

Earlier, outside the ancient Inca capital of Cuzco, John Paul celebrated Mass before thousands of Indians at the ruins of an Inca fortress called Sacsayhuaman. He condemned official corruption and cocaine trafficking.

"Ana llulla, ana suu, ana kella," John Paul said in Quechua, the language of the Incas, which is still used by many Andean residents. "Do not lie. Do not steal. Do not be idle."

"Kausachum Juan Pablo," the crowd shouted back in Quechua. "Long Live John Paul."

The pope told his audience, "You will not be able to build a great country without justice between the resident of the countryside and the habitant of the city."

"It is a problem of justice and humanity," he said, "a solidarity that is opposite the ideologies that divide men into irreconcilable enemies and propose a fanatic fight to the adversary's death."

He criticized egoism that leads to corruption, bribery and fraud in government and the "falsified, unscrupulous business" of cocaine smuggling.

Peru produces almost half the world's coca, the plant whose leaves are used to make cocaine. Coca has been used by Andean Indians for centuries as a cure for fatigue and hunger.

Message to Youths
 Earlier, *The Washington Post* reported from Lima:

The pope strongly condemned on Saturday the "anti-Christian methods" of revolutionary groups and called on Peruvian youths to seek peaceful reform through the "conversion of the heart."

John Paul squarely attacked the appeal of radical ideologies in Peru, telling thousands of youths who gathered at Lima's racetrack:

"You rightly feel — and should always feel — the longing for a more just society. But do not follow those who say that social justice can only disappear through the hatred between classes or the resort to violence and other anti-Christian methods."

Settlers Block Roads Across West Bank

Compiled by Our Staff From Dispatches

JERUSALEM — Jewish settlers blocked major roads across the West Bank for two hours on Sunday morning to demand tougher government action against Palestinian attacks on Jewish motorists.

A day earlier, in the largest such action on the West Bank in months, Israeli soldiers and border guards raided the Dabaisha Palestinian camp near Bethlehem and arrested about 20 residents.

The raid followed a surge of rock-throwing and attacks with Molotov cocktail on vehicles passing near the camp. But Israeli security sources and camp residents said the raid also grew out of recent clashes within Dabaisha between Palestinian groups cooperating with the Israeli occupation authorities and those who oppose such activity as collaboration.

The Jewish settlers parked cars across major roads shortly after dawn on Sunday, blocking the main arteries between Jerusalem and the Palestinian towns of Nablus and Hebron, Israeli radio said.

In Anabta village west of Nablus two settlers fired shots into the air after Palestinian youths, who were protesting the blockade, threw stones at an Israeli bus, a military source said. No injuries were reported.

The blockades were removed shortly before the Israeli cabinet met to discuss security for Jews in the occupied territory. Sources in the Israeli cabinet said the portion of the meeting that dealt with the West Bank situation was secret, United Press International reported.

Leaders of the 20,000 Jewish settlers on the West Bank have been urging the government to legislate tougher measures, including stiff jail terms and deportations, against Palestinians involved in attacks against Israelis.

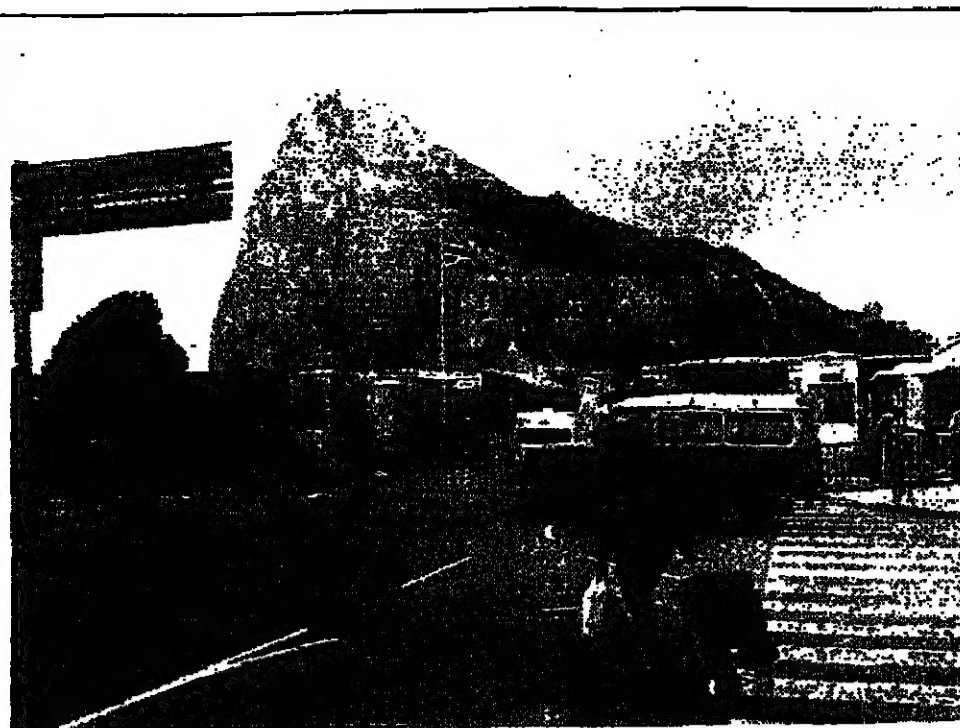
According to recent army statistics, the number of attacks against Israelis in the occupied territories dropped to 225 in January from 253 in December and 370 in November. But the settlers have disputed the figures, saying the number of Molotov cocktail attacks alone increased from 14 in December to 20 in January, and caused one fatality.

Danish Minister Visits Algeria

Reuters

PARIS — Denmark's foreign minister, Uffe Ellemann-Jensen, arrived in Algiers on Saturday for a three-day official visit, the first by a senior Danish official, the Algerian news agency, APS, announced.

Ellemann-Jensen said the purpose of his visit was talks on bilateral relations and international issues.



Pedestrians crossing the border from La Línea, Spain, into British colony of Gibraltar.

Gibraltar-Spain Border to Open

Reuters

GIBRALTAR — The iron gates that seal the road between the British colony of Gibraltar and Spain open at midnight Monday after nearly 16 years, bringing a new chapter in English-Spanish relations that many Gibraltarians see as a threat.

The open frontier will allow Gibraltarians to drive freely in and out of Spain rather than cross by foot, and visitors from Spain will no longer have to arrive there by way of North Africa.

Gibraltar's ailing economy will also benefit from direct contact with the world beyond the gates, which were shut by the dictator Francisco Franco in June 1969 to try to force Britain to surrender its colony.

By opening the gates, the Spanish will be conceding that Franco's policy was a failure. They will also be starting a process that the Socialist government in Madrid is convinced will lead to the peaceful recovery of the territory.

Gibraltar, a rock fortress guarding the western entrance to the Mediterranean, was captured by Britain in 1704 and granted to the British in perpetuity under the 1713 Treaty of Utrecht.

Spain, a member of the North Atlantic Treaty Organization and likely to enter the European Community next year, argues that it is inappropriate

for a NATO ally and partner in the EC to maintain a colony in its territory.

It was Spain's imminent entry into the community that led to agreement with Britain in November on reopening the frontier.

The agreement was an updated version of an accord reached in Lisbon in 1980 but went further in several important respects. It gave Spaniards rights to reside, work and buy property in Gibraltar and it committed Britain to discuss the sovereignty of Gibraltar. Those discussions will begin in Geneva on Tuesday, hours after the frontier gates open.

The agreement frightened many of Gibraltar's 25,000 native inhabitants who had voted, 12,138 to 44, in 1967 to remain under British rule. Assurances by London and by Gibraltar's chief minister, Sir Joshua Hassan, that there would be no changes in sovereignty against the wishes of Gibraltarians have not allayed their fears. Gibraltar's opposition Labor Party collected almost 10,000 signatures in a petition to stop the agreement.

Britain's foreign secretary, Sir Geoffrey Howe, told a television interviewer in London on Sunday that no one could predict the outcome of the Geneva talks on sovereignty, but he promised that the British government would honor its commitment to respect the wishes of Gibraltarians.

Finns Recover Body of Soviet Missile

Reuters

HELSINKI — Divers have recovered the main section of a Soviet missile that crashed into a frozen lake in northern Finland. After the recovery, military officials said that it was not a cruise missile.

The main frame and engine of the missile, which crashed Dec. 28 in Finland after reportedly flying over a small part of Norway, were lifted Saturday from Lake Inari by a military helicopter. The missile apparently crashed through the ice at high speed.

The nose cone and other debris were picked up last week.

A military spokesman said the wreckage, including the missile's jet engine, would be analyzed by air force experts. The spokesman did not speculate on the precise type of the missile, which Finnish authorities have generally referred to as an

unidentified flying object or an aerial target.

But Finnish military sources said the debris had shown that the missile was "an old-type missile dating from 1971-72," and that it did not have a "military capacity."

The Finnish findings were consistent with reports by U.S. military officials in Washington, who said Saturday that the missile was an unarmed drone of an older generation.

However, the findings contradicted earlier reports that it was a cruise missile. Caspar W. Weinberger, the U.S. secretary of defense, characterized the device last Thursday as an "air cruise missile," in testimony before Congress. He said the missile had been shot down by Soviet jets.

Military officials said later Thursday that Mr. Weinberger had

been in error. The missile was not a modern cruise but an old drone, the officials said, adding that it had not been shot down.

The Soviet Union and the United States both deploy cruise missiles, which are in effect pilotless aircraft that fly at relatively slow speeds to their target and that generally stay close to the ground to elude radar.

The Soviet Embassy in Helsinki has requested the return of the remnants of the missile. Moscow said the missile went off course while it was being used for target practice in the Barents Sea.

The Finnish Foreign Ministry has indicated that a decision on the request would be made after President Mauno Koivisto returns Monday from a private trip to Japan, Australia and the United States.

Indians in Brazil Kill 2 Geologists

The Associated Press

RIO DE JANEIRO, Brazil — Indians armed with bows and arrows killed two geologists who had entered tribal territory in the Amazon jungle near the Bolivian border, Rio's AFB news agency has reported.

It said a third geologist was wounded in the attack Friday in the western state of Rondonia.

U.S. Largess Can Be Very Large, As Haiti Is Flooded With Raisins

The Associated Press

PORT-AU-PRINCE, Haiti — This impoverished Caribbean nation has been inundated by California raisins, a gift from the U.S. government that, officials here say, was almost too bountiful to be efficient.

In late November, a 680-ton (612 metric tons) shipment of U.S. surplus raisins arrived at this capital. The result has been that raisins, previously unknown to many of Haiti's 5.5 million people, have become virtually a national staple. There also is evidence that the raisins are becoming a staple on the black market.

The raisins were purchased by the U.S. Department of Agriculture last year as part of federal efforts to help growers after a giant crop in 1984 far outstripped demand in the United States.

The Agency for International Development and other U.S. relief organizations in Haiti requested 500 tons of the surplus raisins, asking that they arrive over several months in two or three shipments. An official here explained that when such a "one-time-only" surplus becomes available, foreign offices often request the maximum amount they feel they can distribute.

However, because of fiscal constraints, all the raisins were sent aboard one ship. Officials here still are not sure why the request for 500 tons resulted in 680 tons being shipped.

Food Aid Free, but Costly

(Continued from Page 1)

U.S. relief agencies or the African governments must process it with whatever machinery is available.

The task of moving a small portion of the U.S. farm surplus out of storage and into the famine areas is proceeding as quickly as possible, said Mary T. Chambliss, the Agriculture Department official coordinating the effort.

"But it's easy to see that there's no easy or inexpensive way to get ships the food to U.S. ports. Under the supervision of AID, it is shipped to ports in Africa, where

Helicopters Sold Illegally To N. Korea, U.S. Charges

Los Angeles Times Service

CULVER CITY, California — As many as 87 American-built helicopters with potential for military use were diverted to North Korea by an international sales representative of Hughes Helicopters Inc., federal investigators have charged.

The helicopters, valued at nearly \$400,000 apiece, were produced at the Hughes plant in Culver City, just south of Los Angeles, and sold within the past two years to a West German businessman who had an agreement with Hughes to distribute commercial helicopters overseas.

The helicopters were purchased under the pretense that they would be resold in Japan, Portugal, Spain and Nigeria, according to documents filed Friday in Culver City in connection with the case.

However, an investigation has turned up evidence indicating that the helicopters were routed to North Korea, according to an affidavit by David J. Peters, a special agent with the Office of Export Enforcement, a branch of the Department of Commerce.

If proved, this would represent a major breach in U.S. regulations intended to block export of military or other sensitive materials to unfriendly nations. Sale of American goods to North Korea is a felony.

No arrest warrants have been issued in the case.

Federal investigators said the helicopters were purchased and exported by Kurt Behrens, directing manager of a West German company, Delta-Avia Fluggerate GmbH. Investigators indicated they have not been able to contact Mr. Behrens.

On Friday, the Department of Commerce suspended the export license of Mr. Behrens, two German companies with which he is associated and at least two Los Angeles area companies believed to have been involved in transporting the helicopters out of the United States.

Fifteen more Hughes helicopters already were at the Van Nuys Airport in Los Angeles on Friday, apparently being readied for transfer overseas.

"We have asked Hughes to take those helicopters back," said Wayne Collier, a special agent with the Commerce Department.

Federal investigators said there was no evidence to indicate that Hughes officials knew the helicopters might be destined for North Korea.

The helicopters involved are Hughes 500s, a model produced in both commercial and military versions. While the helicopters sold to Mr. Behrens's companies were commercial models, Theodore W. Wu, a deputy assistant secretary of the Commerce Department, said in Washington that "these helicopters may be easily converted to versions being used by certain military forces."

South Korea also uses the military version of the helicopter.

Mr. Collier said the investigation began in January, when documents indicated that two Hughes helicopters, which were to have been sold in Japan, instead had been "moved from Japan on a North Korean ship."

Investigators subsequently uncovered documents allegedly indicating that 15 of the helicopters bought by Mr. Behrens were shipped from Los Angeles to Antwerp, Belgium, trucked to Rotterdam and then picked up by a Soviet freighter and taken to North Korea. The movement contradicted the transport itinerary filed when clearance was given for export from the United States.

Seventy more helicopters were shipped similarly in four loads, and Mr. Peters's affidavit alleged "evidence shows that all of these were likely transhipped to Rotterdam, with a final destination of North Korea."

Iran, Iraq Claim Further Gains in Battles on Front

The Associated Press

NICOSIA — Iraq and Iran both claimed to have killed more than 200 enemy soldiers in weekend battles, as heavy fighting reportedly continued along the central and southern fronts.

In a communiqué, Iraq's general command said that its forces had killed 204 Iranian soldiers in repelling two attacks at dawn on Sunday in the southern desert region of the front line.

Meanwhile, the official Iranian news agency, IRNA, monitored here, said that Iranian forces had killed at least 250 Iraqi soldiers on Saturday in the Sumar region, further north. The Iranian communiqué did not mention any fighting on Sunday.

Iraq launched an offensive in the region last Thursday and claimed to have captured Iranian positions. However, Iran said the Iraqis were forced to retreat after suffering heavy losses.

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WORLD BRIEFS

U.K. Miners to Urge Resuming Talks

LONDON (Reuters) — Leaders of Britain's 47-week coal strike on Monday will make what is widely regarded as a final effort to get negotiations going again.

Arthur Scargill and other leaders of the National Union of Mineworkers are to meet with officials of the Independent Conciliation Service to explore ways of resuming talks, which broke down last week. If they fail, the state-run National Coal Board and Prime Minister Margaret Thatcher's government appear ready to let the strike continue until it crumbles.

Board officials predict that more miners — as many as 8,000 — will return to work this week. So far 79,000 miners, or 42 percent, have either abandoned the strike or never joined it, according to the board's figures, which the union disputes.

Salvador Calls Truce for Vaccinations

SAN SALVADOR (UPI) — A truce was called Sunday across El Salvador, as health officials began a drive to vaccinate 400,000 children against five diseases, authorities said.

Leftist guerrillas pledged through Roman Catholic Church officials to observe a tacit truce on Sunday for the start of a three-stage vaccination program for children less than 6 years old, officials of the United Nations Children's Fund said. Health Minister Benjamin Valdez said the government would not take an active role in the vaccinations and would not initiate fighting.

Despite those pledges, Agop Kayayin, regional UNICEF director, said no attempt would be made to reach more than 20 towns in rebel-controlled mountains near the Honduran border. Children elsewhere were to be inoculated Sunday, March 3 and April 21 against diphtheria, tetanus, whooping cough, measles and polio. Dr. Ramon Alvarez, regional director of the Pan American Health Organization, said these diseases contributed to 60 percent of child deaths in El Salvador.

Libya to Release 4 Britons Monday

LONDON (AP) — Four Britons held by Libya since shortly after the siege of its London embassy in April 1984 will be released Monday, a spokeswoman for Archbishop Robert Runcie said Sunday.

The spokeswoman, Eve Keatley, said the four Britons would be turned over to the archbishop's special envoy, Terry Waite, at a press conference in the Libyan capital of Tripoli. She said the two engineers and two teachers would return to Britain sometime this week, possibly as early as Tuesday, depending on how long it takes to complete passport formalities.

Mr. Waite, who flew to Tripoli on Saturday on his fourth attempt to persuade the Libyan authorities to free the Britons, relayed news of the release in a telephone call to the archbishop's office in London. "Mr. Waite has been told that the detainees are to be released to him as a representative of the church, out of respect for the humanitarian involvement of the church in this matter," the spokeswoman said.

India Aide Confesses Document Sale

NEW DELHI (Reuters) — An Indian official suspected of involvement in a spying scandal has admitted selling information for as little as 50 rupees (about \$4) per document, a New Delhi magistrate confirmed Sunday.

Indian newspapers said S. Sankaran, who worked in President Zail Singh's press office, made a 20-page "confessional statement" Saturday before the magistrate, P.K. Dham. The newspaper Indian Express said Mr. Sankaran told Mr. Dham that he had received a total of 7,000 rupees from the sale of official documents since 1982.

Mr. Dham said Sunday the reports were "roughly correct." He added: "Sankaran made his confession in camera. He said he sold information for small amounts of money to businessmen Coomaraswami Narain." Mr. Dham said 15 suspects, including officials and businessmen, had been arrested and held in custody since the espionage scandal came to light in mid-January.

Chile Extends State of Siege 90 Days

SANTIAGO (AP) — Ignoring U.S. pressure and objections by some advisers, President Augusto Pinochet decreed a 90-day extension of the state of siege Saturday to stifle opposition political activity throughout Chile.

The decree, published without comment in the Official Bulletin, maintained special curbs on the press and on public gatherings until May 6 because of what it called a "state of internal convulsion" in Chile.

General Pinochet, who toppled the Marxist government of Salvador Allende in a 1973 coup, imposed the clampdown last Nov. 6 to combat a surge of guerrilla attacks and mass demonstrations urging a swift return to democracy. He has insisted on adherence to a constitution that prolongs his authoritarian rule at least until 1989.

Lebanese Pound Falls to Record Low

BEIRUT (AP) — Prime Minister Rashid Karami has blamed an unjustified "market fever" for the recent weakness of the Lebanese pound and pledged government efforts to strengthen the currency.

Mr. Karami, in a radio broadcast after an eight-hour cabinet meeting, also said that several battalions of Lebanese soldiers were ready and waiting to "move immediately" into southern Lebanon when the Israeli occupation force is withdrawn. He dismissed Israeli warnings of possible sectarian violence in the south.

As the cabinet met Saturday, Lebanon's currency fell to a record low of 1330 to the U.S. dollar. Economists have blamed the sharp drop in the value of the Lebanese pound in recent weeks on Lebanon's deepening recession and the government's inability to restore law and order.

N.Y. Clinics' Abortion Rights Revoked

ALBANY, New York (NYT) — Two Planned Parenthood clinics in New York state may not provide abortions, a state justice ruled in a suit initiated by the Roman Catholic Diocese of Albany.

In revoking the abortion licenses, Justice Harold J. Hughes of state Supreme Court said Friday that the state Health Department had used improper procedures in considering the applications of the clinics, in Albany and Hudson. He termed "capricious" a guideline the department had used in considering the licenses.

Under the guideline, if more than 50 percent of abortions in a given area are performed in hospitals, the department is usually disposed to grant a license, on the premise that there is a need for cheaper, more easily accessible abortions. In the area to be served by the clinics, the department said, only 12 percent of abortions were performed outside hospitals. The decision was not expected to affect most abortion clinics in operation in New York, because a statute provides that a challenge must be brought within four months of the date a clinic's license takes effect.

For the Record

About 7,500 demonstrators staged a peaceful protest against nuclear weapons on Saturday near the U.S. Army base at Heilbronn, West Germany, where an unarmed Pershing-2 missile caught fire last month. (AP)

A bomb exploded early Sunday outside the Paris offices housing France's secretariat of state for overseas departments and territories, wrecking three cars but not causing any injuries, police said. (Reuters)

Felix Svetov, the militantly orthodox Christian, novelist and former literary critic who was thrown out of the Soviet writers' union in 1980 for defending the dissident physicist, Andrei D. Sakharov, was arrested two weeks ago, dissident sources said Saturday in Moscow. (APF)

Soviet Seeks Trade Links

(Continued from Page 1)

should be followed this spring with an encounter between Commerce Secretary Malcolm Baldrige and Foreign Trade Minister Nikolai S. Patolichev.

At the insistence of the Russians, the subject of restrictive U.S. legislation will be on the agenda, although the Americans made clear a change in policy was unlikely.

The U.S. trade report signaled Soviet interest in U.S. oil and gas equipment by noting that Mr. Sushkov wanted the United States to participate in a proposed Moscow exhibition of energy and pollution-control equipment.

According to U.S. analysts, the Russians are eager to develop offshore oil reserves in the Barents Sea and need the kind of technology that the United States has used in opening up Alaskan reserves. Advanced oil exploration and production equipment is now barred to the Russians.

The report said the Soviet delegation believed that "a very large

increase in trade could take place" if the United States abrogated its restrictive legislation.

The Americans, according to the report, felt that a "significant increase" in trade could be achieved within present constraints and that "major improvements" would require changes in Soviet rights practices.

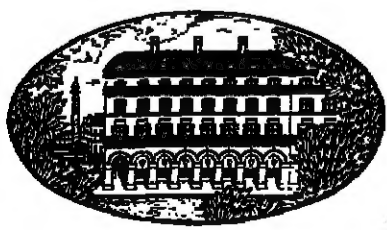
The Russians agreed to restore bidding rights to U.S. companies seeking contracts and to permit them to stage seminars and trade promotions in Moscow, the report said.

On the matter of export controls, the Russians said that it was "critical for any expansion in the relationship" for them to know "more precisely what we were willing to sell them."

Among other actions the Russians are seeking, the report cited termination of an embargo on furs and restoration of Aeroflot landing rights, suspended after the Russians shot down a South Korean airliner in 1983.

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PROFE

Reagan Plan Falls Short Of 1988 Goal For Deficit

By Jonathan Fuebinger
New York Times Service

WASHINGTON — The budget that President Ronald Reagan will send to Congress Monday shows the deficit declining to \$144.4 billion in the fiscal year 1988, far short of the administration's target of \$100 billion, according to budget documents.

The documents show \$47.5 billion worth of reductions in projected spending. Of these, \$38.8 billion, or nearly 82 percent, is in domestic programs, and \$8.7 billion is in the military budget, according to the documents.

In 1986, the budget documents show, the savings would fall short of the \$50 billion that Republicans in the Senate are seeking.

By the end of the decade, the deficit projected in the documents would be over \$80 billion, meaning Mr. Reagan would not come close to balancing the federal budget. In 1981, he promised to balance the budget by 1984.

In his weekly radio broadcast Saturday, Mr. Reagan blamed "special interests" and "flawed" congressional budget procedures for record federal deficits. He said his proposal would represent "the most exhaustive effort ever made to rein in government's chronic overspending."

The deficit in the fiscal year 1985, which began last October, is now projected to be \$222.2 billion. If all the savings that the president will be proposing in the 1986 budget to be submitted Monday were enacted, the deficit would fall to \$180 billion next year.

The projections, as outlined in budget documents, indicate the deficit would be \$164.9 billion in 1987, declining to \$144.4 billion in 1988, \$107.5 billion in 1989 and \$82.4 billion in 1990.

Although the total saving outlined in the documents is \$50.8 billion in 1986, nearly \$3.3 billion of that reflects reduced interest on the national debt, which neither the administration nor the Senate Republicans had been including in their spending-reduction goal.

The proposed domestic savings would be achieved, the documents show, by freezing most programs at the 1985 spending level in 1986. In addition, about two-dozen programs would be eliminated and



Reporters purchasing copies of President Reagan's proposed budget, which went on sale in Washington on Saturday. The budget was to be presented to Congress on Monday.

others would be cut below the 1985 level of spending.

Cost-of-living increases for federal pensions and some benefit programs would be frozen for one year, although Social Security and benefit programs for the poor would get an adjustment to make up for inflation. Pay for federal employees would be cut by 5 percent from the 1985 level, and the administrative costs of government, including Congress, would be cut by 10 percent.

The largest savings are in agriculture, \$5.5 billion; the Medicare program of health insurance for the elderly, \$4.1 billion; income security programs, including federal and military retirement, nutrition and Aid to Families with Dependent Children, \$5 billion; general revenue sharing for the states, \$3.4 billion; education, training and social service programs, \$2 billion; and veterans' programs, \$1.1 billion.

Energy programs are cut by \$3.2 billion, including financing for energy preparedness. Transportation programs, including financing for the Amtrak rail network and operating subsidies for mass transit, are cut by \$2.1 billion.

Housing programs in rural areas and for the elderly are cut by \$2.5 billion and subsidized housing for the poor is cut by \$1.7 billion.

Food and nutrition programs are cut by \$687 million. Aid to Families with Dependent Children, the government's main welfare program, and child support programs are cut by \$180 million.

Among cuts proposed for 1986 in the international area are: \$699 million in international security assistance, \$388 million for the Export-Import Bank, and \$1.1 billion in the economic support fund.

Over the three years from 1986 to 1988, the total savings, if all the proposed spending cuts were enacted by Congress, would amount to \$210.8 billion, also short of the Senate Republicans' goal, which is \$266 billion. The administration then adds \$28 billion in savings from interest on the national debt because the projected deficits would be lower.

Reagan on the Offensive

Gerald M. Boyd of The New York Times reported from Washington:

Mr. Reagan blamed "special interests" and "flawed" congressional budget procedures for record federal deficits as he went on the offensive Saturday to win public support for his budget proposal.

He said the proposal would represent "the most exhaustive effort ever made to rein in government's chronic overspending."

Mr. Reagan, devoting his weekly radio broadcast to the 1986 budget he will submit to Congress on Monday, offered what amounted to a pre-emptive strike against congressional opposition to some of the spending cuts he will propose.

He ruled out tax increases and further cuts in military spending and Social Security benefits as he asked instead for significant reductions in domestic spending.

Mr. Reagan argued for congressional approval of his budget by attempting to make a strong case for slowing the overall rate of increase in government spending rather than making additional cuts in defense spending.

"Every proposal is based on a careful review of what government should and should not do, what's worked and what hasn't, what we can and can no longer afford," he said.

"Collectively, the more than 50 proposals we're making can stop the excessive growth of federal spending in its tracks and put budget deficits on a permanent downward path," he said.

Much of the excess spending, he said, results from "the combination of special-interest groups and flawed budget procedures."

"Our system of budget making in the Congress practically guarantees spending growth," he said.

Under it, special interests now lobby "for benefits and to override the national interests, by concentrating great power on a small group of legislators."

Delivering the Democrats' response later, the speaker of the House, Thomas P. O'Neill Jr. of Massachusetts, set the stage for a budget battle in that chamber by challenging Mr. Reagan to justify his fiscal package to the American people. But the Democratic leader did not offer a counterproposal. He pledged, as he did in a January meeting with the president, to consider Mr. Reagan's proposal in "good faith."

Salvadoran Women Deny Rebel Alliance

By James LeMoyné
New York Times Service

SAN SALVADOR — Elvia Cosme Hernández describes herself in a soft voice as a typical mother of two young children, except that, she says, her husband, sister, uncle and cousin were either killed by Salvadoran government security forces or made to "disappear."

Their uninvestigated deaths four years ago, Mrs. Hernández says, led her to join the Committee of Mothers and Relatives of Political Prisoners, Disappeared and Murdered, a vocal group of Salvadoran women who say their loved ones were killed for political reasons.

"I joined because it was necessary to denounce this violation," Mrs. Hernández, 31, said recently. "If we don't denounce it, it will go on."

U.S. State Department officials have a different perception of Mrs. Hernández's activities. They say she and other members of her group, known as the Mothers of the Disappeared, have been involved in terrorist activities and are members of leftist guerrilla groups.

"The intelligence on these women is that they are not sweet little old ladies," a State Department spokesman said in a telephone interview. "They have been involved in some bad things."

That view, said to be based on unreleased intelligence reports that could not be independently confirmed, kept Mrs. Hernández and three other members of her group from receiving visas to travel to the United States recently to receive a \$30,000 award for their human rights work from the Robert F. Kennedy Memorial Foundation.

That the purposes and political alliances of a group of bereaved women should become an issue of state underscores the sensitivity of human rights work in El Salvador, where an estimated total of 50,000 civilians have been killed for political reasons.

The continuing polarization that divides the country also helps explain why the Mothers of the Disappeared have attracted few outside supporters, in contrast to Argentina, where a similar movement of relatives of missing people became the expression of a national longing for a return to the rule of law.

The four women have said in sworn statements that a total of 18 of their relatives have been killed or have disappeared in the past four years.

The women strongly deny that they are terrorists. "I have never been a part of any political group," said one of the four, Maria Teresa de Canales, 33. "If I am a terrorist, let them show me the proof."

The women said that they were particularly upset that the State Department had recently granted a visa to the Salvadoran rightist leader, Roberto d'Aubuisson, to travel to the United States for a second time in 1984, although some American officials have repeatedly linked him to rightist death squads.

"This is the evidence of the United States government's view of who is responsible for thousands of deaths in this country," Mrs. Hernández said.

In the complex world of El Salvador's civil war, it is not easy to prove or disprove the State Department's allegations against the women.

People here long familiar with the group and its activities say they believe several of its more active members are at least sympathetic

to the rebels. But they say they strongly doubt that the women are guerrillas. And they question why the women's political beliefs should diminish their right to have their dead accounted for.

"They are a group of women who have suffered terrible things," said a welfare worker who is familiar with the group. "Some of them support the guerrillas, but does that make their human rights demands less legitimate?"

Government critics of the group counter that its political agenda extends well beyond human rights concerns. The Mothers of the Disappeared also have called for an end to all U.S. aid to El Salvador, arguing that such aid prolongs the war. Mrs. Canales and Mrs. Hernández did not seem as concerned when asked about rebel sabotage of

the economy or attacks on government-held towns.

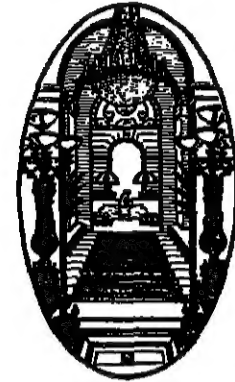
Members of the group say they first joined together in 1977 when the term "disappeared" began its grim ascent into the lexicon of violence.

Today, the group says it has about 540 members, and they have become a fixture at Salvadoran public events.

The group met with President José Napoleón Duarte last June and asked him to investigate all cases of suspected political killing. They also called for an amnesty for political prisoners, a demand often made by the rebel opposition alliance. Although Mr. Duarte initially seemed willing to listen to the women's petition, government officials later accused the group of allowing itself to be "used by the guerrillas."

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AMERICAN TOPICS

Business Competes In Higher Education

Educational programs run by business and industry have become big enough in size and scope to constitute an alternative to traditional colleges and universities, according to a study by the Carnegie Foundation for the Advancement of Teaching.

Corporate education provides everything from remedial reading for new factory hands to a master of computer software degree offered by Wang Laboratories. It costs \$60 billion a year and has 8 million instructors and students, roughly comparable to the cost and enrollment of four-year colleges and universities in the United States.

The study says that corporations are often more efficient than traditional colleges and universities in adapting new techniques, especially those involving computers and other forms of technology. It adds, "It would be ironic if new insights about how we learn would come, not from the academy, but from industry and business."

Prevention Bites Into Dental Practice

Tooth decay, the most widespread illness in the United States after the common cold, is now almost wholly preventable, thanks to fluoride and sealants. This is good news for coming generations, but it is already a mixed blessing for many of the 125,000 dentists in the United States. They often find themselves with fewer patients and, especially in some metropolitan areas, an oversupply of competition.

Dentists are meeting the challenge by joining group dental centers in shopping malls, by advertising, by specializing in such emerging fields as cosmetic dentistry or periodontics, which treats gum disease. Until a few years ago, dentists, like doctors and lawyers, considered advertising taboo. Now the Yellow Pages are full of half- and quarter-page advertisements with slogans like "Take the bite out of your dental bill."

Dentists are unlikely to go the way of the blacksmith. Americans spent \$20 billion on dental care in 1982. Dental insurance, still growing, covers about 100 million people.

Notes About People

Captain Penny E. Harrington, 42, has been appointed by Mayor Bud Clark as chief of police of Portland, Oregon, the first woman in the United States to lead a big-city police

force. Mrs. Harrington, 42, joined the force in 1964. On her way to the top, she filed a sex discrimination complaint against the department that led to changes in salaries, promotions and regulations on height. She says she plans to put more officers on foot patrol, "walking and talking" to people.

The New York Times reported that President Ronald Reagan's budget director, David A. Stockman, laid it on the line to Senate Republican staff members at a recent briefing: "In the first term we cleaned up the low income programs. Now we have to go after the middle class programs."

Mary Maples Dunn, 53, dean of Bryn Mawr College near Philadelphia, will become president of 2,500-student Smith College at Northampton, Massachusetts, July 1, succeeding Jill Ker Conway, 50, who announced a year ago that she was leaving Smith to resume work on a history of women in America. Mrs. Dunn said, "My job will be to reverse the trend against women's colleges and restore them to a strong place in the priorities of 17-year-olds."

Christine Craft, 40, the former television newswoman who won \$500,000 in her sexual discrimination suit against Metro-media, charging they fired her for being "too old and too mat-trative," is now fighting her former employers' court ap-



Christine Craft

peals. She says she plans to run for Congress in 1986 from the southern California district where President Reagan's ranch is located. The incumbent is Robert J. Lagomarsino, 58, a Republican. Said Miss Craft, "I

want to be Ronald Reagan's congresswoman."

Short Takes

Slow readers, beware. The Missouri State Legislature is pondering a bill that could mean a prison stretch for people who don't return library books on time. Specifically, borrowers who keep books, maps, records and the like worth more than \$150 for more than 60 days past their due date could get up to five years in jail and a \$5,000 fine. Dan Bradbury, head of the Kansas City Public Library, says 27,000 books and other materials worth more than \$250,000 went unreturned last year, "a quarter of our budget."

Shorter Takes: Americans who have not received their anticipated income tax refunds 10 or more weeks after filing can punch their Social Security numbers into the nearest telephone to find out whether the check is in the mail. ... The focus of declining Frost Belt population in the United States has switched from the Northeast to the Midwest, while the strongest population flow to the Sun Belt has shifted from the West to the South, according to figures published by American Demographics magazine. ... Production of accordion-style baby gates, which have been linked to the deaths of eight children in recent years, ended on Thursday under an agreement between manufacturers and the Consumer Product Safety Commission, which warned that millions of the gates remain in U.S. homes.

Huck and Elvis:

Two 'Bad' Boys

Nicholas Lemann, writing in The Washington Post, notes that Elvis Presley would have been 50 last Jan. 8 and that Huckleberry Finn first saw the light of print 100 years ago Feb. 18, and points out some similarities:

"They were both smart, uneducated bad boys," he says, "both lived hard by the banks of the Mississippi River in its middle reaches, and they occupied similar places in the tripartite class system of the South, having 'grown up as 'white trash,' trafficked sporadically with 'the quality' (Huck's term) and also gotten closer than was considered proper to black culture."

"Both Huck and Elvis lived in a racist culture, were casually racist themselves, but found incredible depth by venturing into the forbidden zone between the races."

Compiled by
ARTHUR HIGBEE

Nuclear Arms And Space Are Stressed

(Continued from Page 1)

includes weapons, supplies and facilities, would grow 9.5 percent above the rate of inflation, far faster than pay and operating costs.

Much of that investment is for an assortment of nuclear weapons that have reached peak production. For example, \$6.2 billion is for building the last 48 of the B-1 bombers, completing a fleet of 100.

It calls for production of 48 new MX missiles at a cost of \$4 billion. That would be an increase from \$2.8 billion in the current budget and would be in addition to 21 missiles Congress agreed to pay for last year, but on the condition they not be deployed without another vote from Congress this spring. The first 21 MXs have been approved for production.

The budget also seeks \$624 million for continuing research into a successor to the MX. That weapon is a small, truck-borne missile called Midgetman.

The budget would sharply increase research funding for the Strategic Defense Initiative, the anti-missile defense program that is popularly known as "star wars," from \$1.3 billion to \$3.7 billion. The Pentagon document did not detail how that money is to be spent. But it said the major emphasis would be on directed energy weapons and advanced surveillance and tracking systems to spot enemy missiles as they are beginning to be launched.

Further, the budget calls for sharp increases in more immediate space-related programs, including a 30 percent increase, to \$262 million, for the U.S. Air Force's anti-satellite weapon. It is expected to be tested for the first time this spring, fired at an object in space. The Pentagon informed Congress that it intends to include enough money in the budget to continue its program of developing and producing a new generation of chemical weapons, which Congress ordered interrupted until a study can be completed this spring.

The budget also calls for quadrupled spending, to \$231 million, on the much-criticized Sergeant York Division Air Defense Gun, DIVAD, although Mr. Weinberger has suspended that program until more tests resolve questions about its accuracy.

Security Is Downgraded For Iran Exile in France

The Associated Press

AUVERS-SUR-OISE, France — Authorities have reduced the size of the security force protecting the headquarters of Massoud Rajavi, the exiled Iranian opposition leader, prompting the mayor of the town to call on Mr. Rajavi to leave.

The unit of 70 police was reduced to about 20 and barricades blocking an access road were lifted, officials said Saturday.



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By Henry A. Kissinger U.S. Must Beware Shortsighted Gulf Policy

The policy-maker faces no more complex task than to prevent short-term problems from mortgaging his country's long-term interests. Nowhere is this more true than in the Gulf, where the vital interests of the two superpowers intersect and where the bulk of the world's energy reserves are concentrated. Two nightmares stalk the Gulf: the threat of collapsing oil prices and the impact of the Iran-Iraq war.

The industrial democracies, whose political and economic structures were shaken by the Organization of Petroleum Exporting Countries' extortions in its heyday, would be less than human if they did not experience a certain glee at the discomfiture of their erstwhile tormentors. But revenge, even when sweet, is not foreign policy. And the victims of the 1970s would be wise not to perpetuate a cycle of shortsighted selfishness in which, every decade, victim and exploiter change roles until chaos ensues.

The leaders of the industrial democracies in the 1970s asked OPEC for restraint in the name of a community of long-term economic interests of both oil producers and consumers. These appeals, though ignored, were correct. Now that the shoe is on the other foot, the necessity of having world order on the reality of interdependence remains.

Of course, the industrial democracies can have no conceivable interest in helping OPEC to stabilize oil prices at artificially high levels. However, it is in their interest to help cushion the global impact of what is bound to be, probably for the rest of the decade, a continuing downward pressure on oil prices.

The facts of the marketplace are simple, even if the consequences are not. In the 1970s, OPEC controlled 75 percent of the world's oil output. In the 1980s, OPEC controls less than 35 percent; its capacity to set prices has diminished accordingly. In the 1970s, the expectation of higher oil prices led to a buildup of inventories, thereby increasing demand. In the 1980s, psychology has worked in the opposite direction: The expectation of lower prices has induced a continued decrease in inventories, thus restricting demand.

In the 1970s, the United States lost the capacity to increase production. In the 1980s, OPEC is on the verge of losing the capacity to restrict production. Even when OPEC cut its capacity by 40 percent, that proved insufficient to maintain current oil prices.

And foreseeable trends likely will worsen the problem. During the next two years Iraq will complete two pipelines with a capacity

of at least one million barrels per day. Other producers, in and out of OPEC, are fighting for a larger share of whatever marginal increase in demand results from global economic recovery. Thus, international supply is likely to exceed demand, causing prices to fall, perhaps substantially. In short, OPEC is losing its capacity to increase prices by restricting output.

This partial reversal of the "energy tax" that OPEC imposed more

have to agree with every decision of the Saudi government to consider its role over the past decade or more compatible with Western interests than any likely alternative. And the political orientation of the Gulf states in the 1990s will continue to be a matter of pre-eminence to the industrial democracies. By then, the exhaustion of presently known non-OPEC oil reserves and the cumulative impact of a slowly rising demand could,

It is in Western interests to cushion OPEC countries against the shock of collapsing oil prices, and to prevent either side in the Iran-Iraq war from attaining unconditional victory.

than a decade ago spells good news for the industrial democracies. It makes it easier to keep inflation under control, and it will give an impetus to economic expansion.

But there are no free gifts in foreign policy. Were the West to gloat over its good fortune and seek to reap passively the benefits of OPEC's dilemmas, it would neglect some very real dangers at the risk of finding itself quickly in deep water again.

A sharp decline in oil prices could well re-ignite the now barely dormant international debt crisis, especially for high-debt oil producers such as Mexico, Venezuela, Nigeria and Indonesia. The threat to the global banking system posed by international debt would be magnified as domestic producers, refiners and oil service companies got into difficulty with their borrowings.

Collapsing oil economies would strain moderate regimes whose stability depends on economic growth. Radical, revolutionary regimes succeeding them then would have the choice of causing a new crisis by shutting down oil production on the model of the early years of the Iranian Revolution. Or they could sell their oil and use the revenues to foment revolutionary disorder, following the example of Colonel Moammar Qadhafi of Libya. Or they could do both, successively.

OPEC's effort to control prices, even when it fails, puts extraordinary pressure on the most moderate and responsible members of OPEC. For example, the oil income of Saudi Arabia has fallen from \$110 billion in 1981 to below \$40 billion in 1984, and it is likely to fall further in 1985. One does not

well resurrect the energy shortage. Especially if economic growth continues and the industrial democracies fail to push the development of alternative energy resources.

Thus, the oil glut, however beneficial, requires long-range planning. In the 1970s, the industrial democracies rejected concerted action lest a consumers' group antagonize OPEC. Today, cooperation among the industrial democracies is essential to protect them against the harmful effects of a precipitate price decline and, in the process, to help save the more responsible OPEC nations from the consequences of their greed.

The industrial democracies should devote part of their next economic summit to developing a program to deal with the oil glut.

A contingency plan must be devised should declining oil prices trigger an international banking crisis. In such an emergency, the responsibility cannot be delegated to a banking system that will itself be gravely threatened. Platinums about not bailing out banks then must give way to urgent measures to stimulate global economic expansion.

A dialogue between oil producers and consumers should be prepared. Its purpose would not be to maintain the oil price, but to enable friendly oil-producing countries to ride out the crisis by continuing the minimum development programs required for political stability.

Concurrently, the industrial democracies need to plan the steps they would take should political stability in the Gulf collapse despite their best efforts.

• The present temporary respite from oil pressures must be used to expand conservation policies and to encourage the development of alternative sources of energy, exactly the opposite of shameful trends. Otherwise, in the 1990s, when once more facing an energy shortage, they may well come to the hindrance and lack of foresight of current leaders.

But all these efforts will be in vain if either of the parties in the Iran-Iraq war is to achieve an unconditional victory. Iran, especially, would not hesitate to impose on a defeated enemy and its impotent neighbors the production cutoff that it accepted for itself in the 1970s. It thereby would achieve unilaterally what it has been urging on OPEC for years: sharply increased production, greatly increased oil prices and a blackmail position vis-à-vis the industrial democracies. A victory for Iran would be, as well, a political disaster because it would enhance the prestige of the most radical version of Islamic anti-Western fundamentalism existing from Southeast Asia to the shores of the Atlantic Ocean.

Yet the art of statesmanship resides in a sense of proportion. The Iran of radical rhetoric and virulent anti-Western agitation can be no more immune to the erosion of history than the many regimes that have preceded it in Persia over the millennia. Over time, geographical and historical circumstances transcend the fanaticism of individuals. The routings of the militant now governing Iran cannot change the reality that Iran has been invaded mostly from the north and overland rather than from the sea.

Historical anti-Western agitation will not shorten Iran's frontier of more than 1,000 miles with the Soviet Union, a border that now is more menacing because of the Soviet occupation of Afghanistan. Nor can bloodthirsty dogmatism eliminate — indeed, it will enhance — the danger of revolt by Iran's constituent nationalities in Baluchistan, Kurdistan and Azerbaijan. And the Soviet Union is in an unusually favorable position to nurture such a revolt.

Thus, the conventional wisdom, that Soviet and American interests in the Iran-Iraq conflict coincide, is valid only in a very limited sense. The United States' interest is to prevent the collapse of the moderate governments in the Arab world. This requires a restrained, not an impotent, Iran. By contrast, the Soviet Union would greatly benefit if Iran emerged from the war fatally weakened and in irreparable decay. For Iran is the natural axis for



Henry A. Kissinger

a Soviet advance to the Indian Ocean. The Western objective must be to prevent an Iraqi defeat, but in a manner that does not drain and disorganize Iran.

A united Iran pursuing a moderate national policy coincides with the Western interest in the stability of the Gulf. The policy of isolating Iran is proper so long as Tehran is governed by expansionist fanatics. But, just as the United States has moved toward a closer relationship with Iraq in recent months, so the United States should retain the option of improved relations when a sense of reality returns in Tehran. That can be done by keeping open some avenues for nonstrategic trade and finding opportunities for a sane dialogue.

The West's position vis-à-vis Iran has some analogy to the United States' relationship with China in the 1950s and 1960s. Warned of the danger of provocation, the United States must not be permitted to foreclose later opportunities for cooperation based on mutual interest. This reality will, in my view, be present within a decade. A wise U.S. policy will pursue a dual track: firm resistance to Iranian expansionism today coupled with a readiness for constructive relations later, when fundamental realities have reassessed themselves. This is no more than saying that statesmen, in mastering immediate circumstance, must leave room for the imponderables of history.

This is the seventh in a series of 10 articles by the former U.S. secretary of state. The next will appear on March 4.

3 U.S. Fishermen Rescued

WASHINGTON — Three commercial fishermen survived 12 hours swimming in the frigid Atlantic after their boat sank. They were rescued early Friday, 16 miles (26 kilometers) off Chincoteague, Virginia. A fourth man died in the arms of the survivors and a fifth was missing and presumed dead.

UN Chief Says Peace Force Could Police Thai Border

Compiled by Our Staff From Dispatches

SINGAPORE — Secretary-General Javier Pérez de Cuellar said Sunday that the United Nations would consider deploying UN peacekeeping troops at the Thai-Cambodia border where Vietnamese soldiers have been fighting Cambodian rebels. But he said this could only happen "at a much later stage."

He made the comment during a stopover here while en route to Jakarta. He is on a tour of Pacific and Southeast Asian nations.

When asked about the use of UN troops, Mr. Pérez de Cuellar said, "This is one of the possibilities that we are considering implementing to bring about a solution."

"It is something we have seriously in mind," he added, "but at a much later date."

Earlier, in Kuala Lumpur, the UN leader was guarded in evaluating the progress he has made in talks with leaders of Thailand, Vietnam, Laos and Malaysia.

He said that the Communist and non-Communist nations of Southeast Asia were "still very, very far apart."

But he said he was not discouraged and would pursue his quest for a peace formula.

A dry season offensive by Vietnamese troops against Cambodian rebels has continued in parallel with Mr. Pérez de Cuellar's visit.

Thai military officers said Saturday that Vietnamese troops had seized two Khmer Rouge outposts in Cambodia on Friday.

Colonel Chetha Thannajaro, deputy commander of Thailand's Eastern Task Force, said about 600 Vietnamese troops captured the outposts at Phnom Tuek and Phnom Angkor, and that Vietnamese units were driving at Khmer Rouge positions in the nearby Khao I Dang mountains.

Another Thai officer, Colonel Phnom Jemvicharana, said Sunday that Thai soldiers had found the bodies of eight Vietnamese troops apparently killed in Thai territory by Khmer Rouge guerrillas defending their strongholds.

And in Bangkok, a spokesman said that the three leaders of the Cambodian resistance coalition met Sunday inside Cambodia.

The three rebel groups are the Khmer Rouge, a force loyal to Prince Sihanouk, and the non-Communist Khmer People's National Liberation Front.

Ethiopia Tells UN Envoy It Will Shield Food Aid From Attacks by Rebels

By Clifford D. May

New York Times Service

ADDIS ABABA, Ethiopia — Ethiopia plans to use armed convoys to transport famine-relief supplies into its northern provinces, where guerrillas have been active, according to an official from the United Nations.

The official, Kurt Jansson, an assistant secretary-general in charge of emergency operations in Ethiopia, said Friday that he had "raised the issue of food distribution in areas of Tigre and Eritrea where security is a problem" in a recent meeting with the Ethiopian head of state, Lieutenant Colonel Mengistu Haile Mariam.

The conflict between the insurgents and government troops has continued for years in the two provinces and there has been international concern that little food has been reaching the starving people of these regions.

Mr. Jansson said he had "suggested a formula" for getting relief supplies to those areas, but that Colonel Mengistu had assured him "that the government can reach people in need of relief in any part of the country."

He quoted Colonel Mengistu as saying that he would increase food convoys with security escorts in these areas.

Aid officials said later that Mr. Jansson had initially proposed that unarmed Red Cross trucks be permitted to take food to the estimated 2.4 million Eritreans and Tigreans in need. Mr. Jansson had volunteered to travel with the convoys to supervise the food delivery and distribution, the officials said.

Mr. Mengistu's refusal to allow such missions followed his refusals to negotiate a "food truce" with rebel groups or to establish "mercy corridors" in areas where guerrilla forces are in control or active.

Several times, anti-government guerrillas have attacked relief convoys and stolen or set fire to the supplies. On most roads north of the town of Kobo, only armed convoys are now permitted to travel.

An experimental air drop of food, using planes and pilots from Britain and West Germany, was successfully carried out late last month, but there was no indication that the Ethiopian authorities would permit such air drops in areas not firmly under government control.

Some donor countries and aid organizations have been attempting to supply Eritrea and Tigre

through Sudan, which borders Ethiopia on the west.

But many aid officials and Western diplomats believe that only a relatively small percentage of those affected by drought and famine in Eritrea and Tigre are receiving food.

New Fund for Africa

Paul Lewis of The New York Times reported from Paris:

A group of 13 industrialized nations and the World Bank pledged \$1.1 billion Friday to establish a new fund to provide long-term economic assistance to African countries suffering from famine and economic collapse.

Officials here said the purpose of the fund, called the Special Facility for Sub-Saharan Africa, is to make families in Africa less likely. The fund is distinct from the emergency food supplies that Western countries are now sending to famine-stricken parts of the continent.

Under the terms of the fund, all African countries are technically eligible for aid, including those like Ethiopia and Sudan, that have been receiving substantial famine-relief supplies from the West.

But the fund, to be managed by the World Bank, will be used only to help black African countries agree to adopt economic policies that encourage private business, assist farming and generally eliminate bureaucracy and waste.

The World Bank said the basic cause of Africa's troubles was government policies that wasted resources and discouraged farming and private business.

The bulk of the contributions to the fund announced Friday are to come from France, Italy, Japan, the Netherlands and the World Bank itself.

The United States, which was represented at a two-day meeting here of 23 potential donor countries, declined to contribute. The Reagan administration had said that it felt it was already making an adequate contribution to help the region. It has established a separate five-year, \$500-million African aid program, \$75 million of which was approved last year.

The decision to create the fund stems from a report submitted last September at an annual World Bank meeting. It said Africa's economic development had gone into reverse and that the continent faced "a nightmare" for the rest of the century unless urgent action was taken.

Bhopal: Risks of High Technology in Third World

(Continued From Page 1)

national companies provide the country with technology, skill, capital and equipment that might otherwise take years to develop indigenously. The government, they say, is eager to continue ventures between Indian interests and foreign companies.

In December, the government approved 194 projects between Indian and foreign companies, according to the Indian Investment Center, a government-sponsored group that tries to encourage investment.

It said they included 47 from the United States, the most of any country. The projects involved production of batteries, computer parts, steam turbines, oil-drilling tools, and even a plant to make phosgene, a poison that is used in making methyl isocyanate, or MIC.

In the last two years, agreements have been reached for four new Union Carbide plants.

There are many success stories of advanced technology in India: many specialists say. The country's airlines run a busy and virtually accident-free schedule, nuclear reactors supply electricity, Indian scientists and engineers do advanced research in chemistry, physics and biotechnology.

The country has the third-largest number of technical students in college in the world, after the United States and the Soviet Union.

ed States and the Soviet Union, according to a study two years ago by the United Nations.

But the country has 750 million people and many technological industries to support, the Indian experts say. The technical skill, they say, is spread too thin.

Bhopal has grown swiftly since it was made the capital of the state of Madhya Pradesh in 1956. But there is only one telephone for every thousand people, according to officials; most of the population has running water for only a few hours a day, and there are few street signs, traffic lights, washing machines, hair dryers, computers or automated equipment of any kind.

When Union Carbide decided to build a factory in Bhopal, many people familiar with its development said, the city was technologically naive.

"When we set up this plant, we used workers just out of the agricultural age," said Kamal K. Pareek, the senior project engineer during the building of the factory's MIC facility in the late 1970s. "You just can't afford to do anything wrong in a factory like this," he said.

The lack of emphasis on preventive maintenance is a key problem. Indian experts said. "The idea of spending money now to save money later is a concept completely alien in what is basically a subsistence economy," said Kiran Rana, a chemical engineer and native of India who now lives and works in the United States.

Officials say that because of the accident they will more closely match what multinationals have to offer with the needs of the country. Since the accident, many experts here have begun to question whether the Bhopal pesticide plant and other enterprises like it really perform the service that was specified under agreements with the government allowing them to operate here: to transfer technological know-how to India.

"An unfortunate assumption has been made — that when technology arrives here, it is transferred," said S.K. Goyal, head of the Corporate Studies Group, a government-sponsored New Delhi University unit that studies corporate responsibility.

"We are finding that the technology often just gets transferred to the premises of the subsidiary, not into the society as a whole," he said. "It stays within the walls of the factory."

Some Indian officials also argue that there is too much emphasis on high-powered goods and services while much of the country needs simple conveniences of life.

India may sue in U.S.

India's attorney general has recommended that the government

sue Union Carbide in the United States for damages and compensation on behalf of victims of the Bhopal disaster, a newspaper reported Sunday.

The Indian Express said the government was likely to make a quick decision on the report by the attorney general, K. Parasaran.

Damages awarded in Indian courts are generally far lower than those given by U.S. juries and cases in India commonly drag on for more than a dozen years.

The government suit would be separate from private lawsuits previously filed in the United States and India. At least 23 suits against Union Carbide, totaling \$186.4 billion, have been filed in U.S. courts.

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68 Hudson

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Pacifist Terrorism Again

A familiar thread of genuine craziness runs through the recent outbreak of terrorist bombings and assassinations in Western Europe. The targets have been NATO installations and people who make or sell arms — in the past two weeks, an official of the French ministry of defense and a German industrialist. It is pacifist terrorism at work again — violence by people who kill to protest weapons.

It is wiser not to read a great deal of significance into any movement that has as few supporters as this one. But it most frequently turns up in Western Europe when strong governments are in power. The most spectacular case in the postwar years was the Baader-Meinhof group, whose shootings and robberies began at the time when West Germany under Willy Brandt was successfully reestablishing relations with the communist countries to its east. The next eruption was a series of assassinations in 1977, during Helmut Schmidt's highly competent administration. It is not the politics of confusion or uncertainty that seems to evoke these episodes, but rather the display of assurance by a government.

Perhaps this series of outbursts simultaneously in several countries is an occasion to note the extraordinary stability of European politics currently. West Germany and Britain have installed U.S. Pershing missiles in accordance with an undertaking by the North Atlantic Treaty Organization without a crisis or anything approaching it. That failure of a

legitimate and rational peace movement may well have been the trigger for this very different kind of attack. In France, while President François Mitterrand has fallen low in the popularity polls, he is in fact leading his country skillfully through a harsh and difficult period of economic adjustment. West Germany, under the stolid and undramatic leadership of Chancellor Helmut Kohl, worries a lot about a succession of scandals, and worries a lot more about high unemployment. But business is beginning to pick up again, and, as in France, the alternatives to the present policies are neither clear nor terribly inviting. All three of these countries' governments — the German, the French and the British — are enjoying the advantages of a divided opposition.

It is that atmosphere of settled and rather sedate assurance that the gunmen are trying somehow to overturn. In another time, these people might have been enthusiastic infantrymen in somebody's invading army. But they were born into quiet times, and so they bomb NATO oil lines in Belgium and German service men's cars in Portugal. They shoot an unused German engineer in his home, in front of his wife, on grounds that his company makes engines for tanks and planes. The gunmen's idea is to generate a panic sense that the very structure of society is threatened, and its foundations are trembling. But in Europe today, it is just the opposite.

— THE WASHINGTON POST.

A Pause in Mideast Arms

The Reagan administration's quiet decision to suspend all new arms deliveries to Israel and the moderate Arab states, pending a policy review, is the best thing the United States has done in the area since Camp David. Although specific sales to specific countries have been held up in the past, no similar area-wide pause in deliveries is on record. No doubt different officials have different purposes in mind in supporting this pause, but if it is handled wisely, it could be a boon.

Israel and Arab states such as Saudi Arabia and Jordan are good friends of the United States. There can be no question of cutting them off or putting their security at new risk. The point here is, however, that the United States is arming countries that are in a state of war with each other and that calculate their defense needs in large measure by what Washington ships to the other party. This is a context that cries for American balance and restraint, the more so because perceived weapons needs are cruelly exacerbating Israel's tremendous economic crisis and pushing Israel and Arab alike into ever more mutually troublesome dependence on Washington.

Then there are the Russians, who supply the more radical Arabs, Syria, Libya and Iraq — all hostile to Israel and some hostile to Egypt, another close American friend. This is a harder case, since obviously the United States cannot practice unilateral restraint. Even in Israel,

however, voices are heard suggesting that the United States consult with Moscow to regulate the flow of arms. The whole matter of great-power regional consultation is laden with political baggage traps. Yet officials of the two superpowers are to hold a rare meeting on the Mideast next month, while the Washington policy review will still be going on.

If there is one basic and continuing flaw in American policy over time, it is the failure to relate its pursuit of good relations with this or that Middle Eastern country to an overall strategy aimed at stability and peace. No one halfway familiar with the area will underestimate the difficulty of connecting the provision of arms to the pursuit of negotiated settlements. Nor will anyone familiar with the area deny the necessity of seeking such a link.

Something like Mr. Reagan's peace plan of 1982 needs to be revived. The moment is not the best, but then, the moment is never the best. The United States' Arab friends will help some. Israel has at present a prime minister who believes in compromise with Jordan.

The administration's new arms pause may turn out to be just a tactical gesture, meant or used to reduce diplomatic tension for a few months. If that is so, the world will go on, which means, in the Middle East, more tension, uncertainty, expense, suffering and danger — the area's familiar wasting disease.

— THE WASHINGTON POST.

The Poor Getting Poorer

This year's budget-cutters' bible seems to be "Losing Ground," Charles Murray's book appraising social policy in the last 30 years. The Reagan budget on Monday is likely to propose deep reductions in education, child nutrition, and housing assistance, and elimination of programs like the Job Corps, revenue sharing, and urban development grants. Agency officials cite the Murray book as a philosophical basis for these proposals, for it concludes that social-welfare programs, far from relieving poverty, increase it and should be stopped.

That proposition may be as deeply flawed as it is stirring, unlikely to survive scrutiny. Yet what a paradox if Mr. Murray's argument should fall while budget cuts that it supports survive. If the economy is as healthy as the president says, this is precisely the time when a decent society would try to help poor people.

The popular impression, writes Mr. Murray, is that the attack on poverty began in the early '60s but that real progress came only after President Lyndon B. Johnson started spending real money in 1965. The author contends that poverty actually fell sharply before 1965 and much less so afterward. Then, though social spending kept going up well into the '70s, progress stopped. "The number of people living in poverty stopped declining just as the public-assistance program budgets and the rate of increase in those budgets were highest."

Why? Mr. Murray believes the programs themselves have created disincentives to work. "For the first time in American history, it became socially acceptable within poor communities to be unemployed. When working no

longer provides either income or status, the last reason for working has truly vanished. The man who keeps working is, in fact, a chump."

What to do? Obviously, if social programs — welfare, food stamps, unemployment insurance — and so on — do harm, then they should be stopped as Mr. Murray suggests.

Mr. Murray's argument, however, is troubled by some big holes. Here is just one: the baby boom. He thinks the increases in unemployment and welfare caseloads among young blacks arose because of work disincentives. When society gives away more money, people stop trying so hard to earn it. But what if there is suddenly a huge increase in the number of vulnerable people in the society? The baby boom that began in 1947 did not consist only of the young urban professional whites now bidding up real estate prices on the Upper West Side of Manhattan. It also included young, urban, and decidedly nonprofessional blacks. There is surely something to Mr. Murray's belief that welfare creates disincentives to work. It is a fragile platform, however, on which to base a call for demolishing the nation's system of social welfare.

President Reagan asserts that a million blacks have left the unemployment rolls because of the economic boom. It is precisely now, in these boom years and not in the lean years, that a sensible society would try hardest to help its poor citizens gain ground. The Reagan budget proposing yet more cuts in food, housing and health, sounds like an exercise in losing ground, and interest.

— THE NEW YORK TIMES.

No Sign of Pinochet Easing Grip on Chile

By Alejandro Portes

SAN DIEGO — With the return of democracy to Argentina and Uruguay, it would seem almost inevitable that their neighbor in the Southern Cone, Chile, would follow suit. But Chile remains a country occupied by its own army. Despite a strong democratic tradition, and despite mass popular protests, the government of General Augusto Pinochet remains in control and is unwilling to relinquish power.

The three countries have much in common, including similar situations that gave rise to military regimes in each. As in Uruguay and Argentina, the coup that established Chile's military dictatorship was prompted by the threat of the organized left against the existing social order and its economic elites. As in the other countries, the subsequent military regime was not initially a personalistic dictatorship but a corporatist enterprise led by the services' commanding officers.

Economic disaster eventually brought the demise of the military governments in Argentina and Uruguay, but popular discontent against Pinochet's tight hold on Chile. The difference lies in the nature of his regime and of the opposition to it.

On the government side there is a unique fit between the leader and the institution that supports him. General Pinochet emerged from the four-man junta as something of a charismatic leader for the armed forces. Although he is neither eloquent nor tactful, his very bluntness and his determination to "stay the course" has found a receptive ear among his fellow officers. And so for more than 10 years he has been both president and commander in chief, while Uruguay and Argentina have seen a succession of military presidents. The Chilean army is unique in South America for its isolation from civil society and, before 1973, its lack of experience in politics. It consists of professional soldiers, not conscripts, and was trained by German officers who inculcated in its soldiers and officers alike a sense of blind obedience.

Before the coup the army had no experience in governing, and when it came to power it behaved very differently from the armies of Argentina and Uruguay. There officers deliberated about political and economic issues and eventually split into factions; in Chile they retained the traditional model of monolithic discipline and subordination to their leader's authority. Today the

army is General Pinochet's army, rather than Chile's army.

On the civilian side, mobilization against the dictatorship has been conditioned by the unique character of the threat that brought General Pinochet to power. That threat was more serious and more deeply felt than in the other countries. In Argentina the challenge to the privileged classes came from a populist movement, Peronism, which never seriously challenged capitalism or private property; in Uruguay a Marxist-orientated urban guerrilla movement was destroyed by the army a year before the coup, and the only leftist threat remaining was an alliance that scored occasional electoral victories. In Chile, however, an alliance of communists and socialists won the presidency and governed for three years. During that time it proceeded deliberately to undermine capitalism and move toward socialist policies.

The experience of those years remains a vivid memory in the minds of the Chilean elite and middle class. Although many oppose the military dictatorship, they find it infinitely preferable to a return to the pre-1973 situation. Efforts of the democratic opposition, spearheaded by the Christian Democratic Party, center on constructing a broad coalition of all sectors and classes for a return to the rule of

law. Efforts of the government, in contrast, center on reminding the privileged classes of the pre-coup situation and the possibility of a return to that state of affairs.

In recent months the government's effort has been strongly aided by three developments: a call by the Communist Party to armed struggle as the only means to overthrow the dictatorship, a subsequent rash of bombings and terrorist acts throughout the country, and increasing anti-government agitation in the misery belts around the nation's capital, Santiago.

This increase of militancy in the working-class suburbs coincided with an almost immediate decline of pot-banging and other demonstrations in the middle-class areas. Although there are undoubtedly other reasons for this development, it is clear that the renewed perception of threat, the revived sense of "us versus them," has much to do with the sudden political quiescence of the wealthy sectors of society.

The return to democracy in Chile would require a broad alliance of all sectors of society and the firm commitment by all political parties to respect the rules of the democratic game. Only a unified nation can overcome an entrenched dictatorship backed by an obedient military force. To the extent that the struggle for democracy continues to be

short-circuited by class struggle, the political situation is likely to persist.

Chile today owes \$18.7 billion — or approximately \$1,999 per man, woman and child — making it one of the most heavily indebted countries in the world. Unemployment last year reached 30 percent, or about five times the average in the decade preceding the coup. At the end of 1983 the average real wage was 89 percent of what it had been 15 years earlier. About 350,000 Chileans, 10 percent of the labor force, are in emergency minimum employment programs that pay about \$30 per month — one-third the country's minimum wage.

The country is under a state of siege, with a nightly curfew and severe press censorship. Such conditions cannot be sustained forever. They have lasted this long because the Pinochet government has successfully made use of a double terror: that inspired by its own repression, which at times has reached barbaric levels, and that threatened by those who would exchange one form of extremism for another. Until such fears, especially the latter, are overcome, prospects for democracy in Chile continue to be dim.

The writer is a professor of sociology at Johns Hopkins University and a visiting research fellow at the University of California, San Diego. He recently visited Chile and contributed this to the Los Angeles Times.



Internal Unrest Adds to Warring Iran's Miseries

By Drew Middleton

NEW YORK — Something is stirring within the authoritarian Islamic state of Iran, which has been fighting Iraq for more than four years in a war that is apparently unwinnable by either side. Over the last three weeks intelligence sources in West European capitals have received reports of increasingly serious opposition to the rule of Ayatollah Ruhollah Khomeini and the mullahs who carry out his policies in the country.

No one can say yet how far the opposition has gone. There are reports, however, of riots and strikes in Mashhad, the holy city of Qom and in Tehran. Last month there were several bombings in the capital. As minor and fragmentary as the reports may be, they may presage a drastic change in an already unstable area.

These reports reinforce the fears of many Western military and diplomatic authorities about the next, or postwar, phase in Iran. Their "worst case" projection is that the country will enter a period of civil strife as a result either of the death of Ayatollah Khomeini or of popular opposition to a protracted, costly and militarily fruitless war with Iraq.

That war is now stalemated on the ground, Iraq's attacks on Iranian and other shipping are the only offensive operations. Some experts say that this is the sort of situation that will nourish dissidence within Iran. Estimates of Iranian dead in the

war range from 60,000 to 78,000 — figures comparable to American fatalities in Vietnam. The figures alone do not tell the full story. A high percentage of the dead and wounded were boys between the ages of 15 and 19, who were herded into attacks against unshaken, well entrenched Iraqi infantry and artillery.

According to reports from Tehran, this slaughter had a political effect well beyond the natural resentment

of parents. The young Iranians slain in such operations as the 1983 and 1984 offensives outside the Iraqi cities of Basra and Kut-al-Imara had been, says one British observer, "retirement insurance" for thousands of Iranian families. These were the young men who were to have replaced their fathers when the latter went into semiretirement.

The high death count was a consequence of ill-planned offensives. That apparently escaped Ayatollah Khomeini, brooding in his villa outside Tehran, but it did not escape

ages of spare parts and maintenance personnel. Iraq deploys 580 combat aircraft and 130 armed helicopters.

Tehran's only strategy at the moment is one of sheer desperation. Apparently the Ayatollah and his military advisers, a rather amateurish group, believe that the economic strain on Iraq will lead to political uprisings and the ousting of President Saddam Hussein. Although there was minor unrest early last year, Western diplomats in Baghdad see no signs at present that serious opposition to the war will develop.

Iraq's strategy is the widely advertised but thus far largely ineffective air war against Iranian and other shipping, especially tankers in the Gulf. The most accurate figures available are 75 attacks on merchant ships, 46 of them tankers. A few ships were badly damaged; most have been repaired in Bahrain.

The obvious Iraqi objective was to reduce Iranian oil exports and cut revenues. Up to a point they have succeeded, but there is little evidence suggesting that Iran will be forced out of the war as a result.

A major reason why Iran is able to continue fighting, most Western intelligence experts believe, is the combat inefficiency of the Iraqi air force. Flying French-built Super-Étendards armed with the Exocet missile, French- and Soviet-made fighter bombers, such as the Mirage F-1 and the MIG-23 and Su-20, Iraqi pilots have registered only limited success.

This is especially true of the Exocets, which had chalked up successes during the Falklands war in 1982. The Exocet has proved less lethal against tankers full of oil or ballast, which absorb much of the damage.

Kharg Island, an oil terminal built on a coral platform, stands as a monument to the failures of the Iraqi air force. For all their superior aircraft and munitions, the Iraqis have failed to halt oil exports through Kharg.

The Iraqi air force may be, in the words of one Iranian observer, "too advanced for its own good."

A prolongation of the war in a volatile and strategically important region should be a greater cause for concern in the Reagan administration than it seems to be. There is far too much wishful thinking in Washington about the demise of Ayatollah Khomeini, and, except for planners at the Pentagon, far too little thought given to the situations that could arise after his death.

Similarly, there is a tendency to discount the possibility of an Iranian victory following a collapse of the present government in Baghdad. From the standpoint of moderate Arab states such as Jordan, Kuwait and Saudi Arabia, and of Israel, that outcome spells serious trouble.

It would mean, at the very least, the encouragement of fanatic Shiite Muslims in the region and, at the worst, attacks by Iranian-backed Shia groups on moderate governments.

There are no easy options for Iran or Iraq in the present war. Nor is there much that the interested third parties can do. The Soviet Union supplies Iraq with 70 percent of its arms. The United States has resumed diplomatic relations with Baghdad and still smartens over the hostages affair. But neither superpower has developed a meaningful diplomatic initiative aimed at ending the war.

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The Show Must Go On In Geneva

By James Reston

WASHINGTON — There is not much optimism here about next month's U.S.-Soviet disarmament talks in Geneva. It is the city of broken promises and disappointed dreams, but the nations keep going back there in an endless search for a way to make the world more orderly.

They are quite right to do so, for while Geneva was the graveyard of the League of Nations and many other failures, it does not follow that the United States and the Soviet Union cannot reach limited agreements.

For example, they will be meeting on March 12, the 15th anniversary of their treaty commitment to control the spread of nuclear weapons, and on that they have been fairly successful. It was the judgment of most defense experts when the Nonproliferation Treaty was signed in 1970 that by the mid-1980s between 15 and 25 countries would have atomic bombs.

Despite the rapid development of nuclear knowledge around the world, the number of states that say they have nuclear weapons has held at five — the United States, the Soviet Union, Britain, France and China. And it is more than 20 years since China tested its first atomic bomb and 10 years since India carried out an atomic experiment, which Prime Minister Rajiv Gandhi confirmed this week had no military purpose.

This is reassuring, for it suggests that when it is clearly in their common interests, Moscow and Washington can keep their treaty commitments. And their reason for doing so in this case was fairly clear.

They might export conventional weapons to other countries or factions, but in a world of potential pyromaniacs, staggering governments and reckless, bawling religious fanatics, they were careful to avoid putting atomic power in the hands of desperadoes who might drag the superpowers into unwanted confrontations.

What is not so reassuring, however, is that the superpowers did not keep the other side of the nonproliferation bargain. They did not say to the other nations: You may not have atomic weapons but we may. Trust us!

What the United States and the Soviet Union said and signed in the Nonproliferation Treaty was something else. They said that they committed themselves "to achieve at the earliest possible date the cessation of the nuclear arms race... to seek to achieve the discontinuance of all test explosions on nuclear weapons for all time" and "to facilitate the cessation of the manufacture of nuclear weapons, the liquidation of their nuclear stockpiles, and the elimination from national arsenals of nuclear weapons and the means of their delivery pursuant to a treaty on general and complete disarmament under strict and effective international control."

Well, as President Reagan says, that is a big order, but both he and Konstantin Chernenko, wherever he is, have been saying on the way to Geneva that this is still their goal: not merely to control or reduce nuclear weapons but to get rid of them.

Most people regard these road signs to Geneva as they regarded Maxim Litvinov's proposal at Geneva in 1932 that there should be total abolition of all weapons by all nations, or Herbert Hoover's suggestion that same year that all existing armaments be reduced by a third.

But leaving all these dreams aside, the fact is that after 15 years of promises by Washington and Moscow that they would stop the spread of nuclear weapons and also stop the arms race between themselves, the governments of the world are beginning to organize and protest that the proliferation of nuclear weapons in Moscow and Washington along with the prohibition of nuclear weapons elsewhere is an outrage that has to be stopped.

The leaders of India, Mexico, Argentina, Sweden, Greece and Tanzania met in New Delhi last week. They approved the Geneva disarmament talks but called for action — not more words — to stop the nuclear arms race, end nuclear testing and ban the development of space-based weapons. And they insisted on their right, not only to be heard but to organize the nonnuclear nations to press the demands of a majority of the human race for tangible progress at Geneva — so that the United States and the Soviet Union keep their promises to bring the nuclear menace under control.

The evidence here is that American officials are not listening to the rest of the world, but are merely waiting to see whether the Russians go to Geneva with some reasonable and verifiable compromises. Presumably the Russians, if they can ever get their act and their aging government together, are doing the same. But at least they are going back to Geneva.

The New York Times.

LETTER

For Peace in Cambodia

Regarding "Non-Communist Cambodia Group Gathers Strength Under Son Sann" (Insights, Jan. 16):

Elizabeth Becker's analysis of the situation in Cambodia is an eye opener. If Nazis could be prosecuted after World War II, it is high time that the UN Commission on Human Rights investigate the alleged Khmer Rouge massacres of two million Cambodians; those found guilty should be brought to book.

The belief that "Indochina communists are better fighters than non-Communists" is only a myth. That "the United States has all but abdicated its military interest in the Indochina region to China" cannot solve the Cambodian problem. The United States should supply arms to both the nationalists and non-Communist fronts.

K.L. BINDRA
London.

FROM OUR FEB. 4 PAGES, 75 AND 50 YEARS AGO

1910: The Days of Leisure Are Gone
NEW YORK — "The Passing of the Idle Rich" is the title of a new book from Mr. Frederick Townsend Martin, who is devoting his career to promoting a higher standard of culture and humanity among the upper ten thousand of America, misnamed the "Four Hundred." Mr. Martin tears the veil from the inner sanctum of Fifth Avenue society and reveals the reformation which has overtaken the plutocratic competitors. He describes the idle lives they used to live, when idleness was deemed honorable. Now a new spirit has come over American society which considers idleness a disgrace. Even the richest consciences have awakened and their owners have joined the army of office workers in Wall Street, arriving punctually, although tired from the previous night's dancing.

1935: Soviet Pushes Military Buildup
MOSCOW — The man power of the Red Army has increased from 600,000 to 940,000 within the past four years. Its mechanization has been raised in some branches 800 percent. Its border fortifications from east to west are complete. A roar of applause greeted Michael Tuchachevsky, Vice-Commissar for War, when he made this disclosure at the Soviet Congress. Air power has increased 330 percent, with pursuit and bombing airplanes almost twice as fast as before. Light tanks are up 760 percent, medium tanks 792 percent. Submarines have increased 435 percent. Nevertheless, Tuchachevsky asserted, Soviet military expenditure constitutes only 10 percent of the Soviet budget, while Japan is spending 46 percent of its income and Poland 40 percent for military purposes.

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MONDAY, FEBRUARY 4, 1985

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EUROBONDS

Rate of Early Calls Grows As Volume Posts a Record

By CARL GEWIRTZ

International Herald Tribune

PARIS — Lost amid the popping of champagne corks last week as managers congratulated themselves on a record monthly volume of Eurobond issues was another record — one that managers would prefer to ignore — concerning the number of Eurobonds being called prematurely.

With February only just begun, there are already 10 issues for which call notices have been sent out, up from an average of four per month registered in mid-1984. The number started rising in the autumn, to eight per month, as dollar interest rates began easing, and the pace is quickening.

Most of the called issues for February, having a face amount of \$480 million, are floating rates bearing what now look like overgenerous margins of 1/4-point over the London interbank offered rate, Libor. The remainder, with a face value of some \$300 million, are mostly high-coupon fixed-rate paper sold in 1981 — such as JAL 15% of 1988 and IBM 12 1/2% of 1988.

There are many reasons to explain why issuers prefer to raise dollars in the Eurobond market rather than New York, but surely one of the major motivations has been the easier technical conditions so often overlooked by investors. These would include payment of interest annually rather than semi-annually as practiced in New York (and as was current in Europe in the early days) and much easier call provisions.

The New York market prefers issues with no early call and accepts such provisions only when a hefty penalty is imposed on the borrower. By contrast, IBM and JAL are paying only a half-percent premium — redeeming paper with a nominal value of \$1,000 at a price of \$1,005.

All investors holding callable bonds are paying for their careless acceptance of such easy terms: The price on such paper does not rise in step with noncallable bonds as interest rates fall because no one wants to get stuck paying a hefty premium for paper that can be called.

MEANWHILE, the celebrations over January's new-issue volume were cut short by new worries about where the market is headed. (For the record, data supplied by Salomon Brothers shows that \$14.1 billion worth of Eurobonds were launched last month. Dollar bonds remained the dominant component with \$6.33 billion of fixed-rate straight bonds, \$3.9 billion of floating-rate notes and \$120 million of convertibles.)

The undoing of market sentiment was attributable to an unexpectedly large bulge in the U.S. money supply coupled with the Federal Reserve's late-week tolerance in allowing the cost of overnight federal funds to touch 9 percent, from 8 1/2 percent previously. This pushed short-term rates sharply higher and sent a chill through the New York bond market (already upset at the record size — \$19 billion — of the Treasury's refunding operations scheduled for this week).

Late Friday, Salomon Brothers' economist Henry Kaufman forecast "an end to the recent decline in the funds rate." Reversing his opinion of a week earlier, when he predicted an imminent cut in the discount rate, Mr. Kaufman said that Fed funds are likely to trade in the range of 8 1/2-9 percent this month and added: "The market can no longer take comfort from a seasonal reliquification in the banking system."

More sanguine analysts are still around. They take last week's news of a rise in the jobs rate and drops in both factory orders and the index of leading indicators as signs that the pace of the business expansion is less robust than expected. These observers also stress that U.S. farmers and businessmen cannot afford to lose more foreign markets from a further rise in the value of the dollar that would no doubt accompany a fresh rise in interest rates.

The currency market scoffed at this view and in trading late Friday the dollar soared to 3.193 Deutsche marks, up from 3.1725 DM quoted earlier in Frankfurt and breaking through what had been deemed an important resistance point at 3.18 DM.

The New York bond market also remained depressed, with prices down some 3/4-point Friday. Fed action supplying reserves to bring the Fed funds rate down to 8 1/2 percent was sufficient (Continued on Page 11, Col. 1)

Eurobond Yields

For Week Ended Jan. 30

U.S. 5 1/2 term, int'l inv.	11.52
U.S. 5 1/2 term, ind.	11.52
U.S. 5 1/2 term, int'l inv.	11.41
French 5 1/2 term, int'l inv.	11.44
Yen 5 1/2 term, int'l inv.	7.26
Yen 5 1/2 term, int'l inv.	7.17
ECU short term	9.25
ECU medium term	10.02
ECU long term	10.22
EUA long term	9.29
FLX 5 1/2 term, int'l inv.	11.08
FLX 5 1/2 term, ind.	9.87

Calculated by the Luxembourg Stock Exchange

Market Turnover

For Week Ended Jan. 31

Total	14,478	11,354	3,124
Credit	14,478	11,354	3,124
Debit	25,247	22,422	2,825

(Millions of U.S. Dollars)

Textile Talks to Resume

U.S., Hong Kong Debate New Rule

United Press International

HONG KONG — Hong Kong's fight with the United States over textile-import restrictions reaches a crucial stage Monday, when trade officials open a new round of talks on the dispute in Washington.

Pressure on both sides is high. Hong Kong's knitwear industry claims it will face major unemployment and financial losses if the rules are not amended. The dispute could also affect U.S. relations with China.

The new rules, which took effect Oct. 31, attempt to end a practice known as transshipping: When a textile-making country nears its quota for exports to the United States, it often sends garments to another country for final assembly and labeling, taking advantage of that nation's unused quotas.

The Reagan administration redefined the technical term "country of origin" to mean that a garment being sent to the United States was legally from the last country in which "substantial transformation" took place, not only the final steps.

Hong Kong officials claim the rules will disrupt an accepted practice in the garment industry that is used to take advantage of cheap labor and keep costs down.

"There is nothing unusual about the international division of labor," Hong Kong's trade director, Hamish MacLeod, said before leaving for Washington. "The United States, for example, does it in the case of electronics, the components for which are often made in Taiwan or Korea."

The Hong Kong government estimates that more than 70 percent of Hong Kong's sweater exports to the United States are assembled from panels knitted in China, and therefore run afoul of the rules.

Beijing claims that several thousand workers producing knitted panels for Hong Kong could be laid off. China has said that overall trade with the United States could suffer.

Knitwear retailers in the United States have also protested, claiming that reduced textile imports will push domestic prices up and damage their business.

Grim Times for France's Carmakers



Labor Trouble, Mounting Losses Plague Industry

By Paul Lewis

New York Times Service

PARIS — For France's embattled automobile industry, 1985 may prove to be the most painful of times. After losing more than \$2 billion in the last three years, it now faces the prospect of sharp cuts in its bloated work force, a move that the Socialist government has resisted until now and one that could spark labor unrest.

The government's concern is evident. It recently dismissed Bernard Hanon, chairman of Renault, who was unable to stem the tide of red ink at the state-owned company, France's biggest carmaker. And its choice of a replacement was telling: Georges Besse, who took the helm of Renault late last month, eliminated more than 4,000 jobs when he headed another state-owned company, the Pechiney aluminum concern. Most industry experts believe that the government wants him to do a similar job at Renault.

At privately held Peugeot SA, the country's second-largest auto company, major changes are already under way. After accumulating losses of \$1 billion in four years and piling up \$9 billion in debts, the controlling Peugeot family ousted Jean-Paul Parayre as chief executive and brought in Jacques Calvet, a tough-minded banker.

Since his appointment in September, Mr. Calvet has persuaded the government to allow him to dismiss 1,600 workers and he has said that further cuts are likely. The government of President Francois Mitterrand has been reluctant to permit the dismissal of workers, making it virtually impossible for a privately owned company as prominent as Peugeot to fire employees without official permission.

Once the pride of French industry, Peugeot and Renault are the most visible examples of the severe problems facing the nation's automobile manufacturing.

An assembly line at Renault's Flins plant. Georges Besse, the automaker's new chairman, is expected to move quickly to rein in runaway costs.

Those problems include manpower surpluses, heavy losses, growing competition from rivals with innovative model lines and a need for fresh capital to strengthen balance sheets and to invest in new plant and equipment. Both companies have been among the slowest on the continent to recognize the growing crisis of overcapacity gripping the entire European market.

Critics charge that part of the blame for the industry's decline lies with France's Socialist government. On coming to power in 1981, it relaxed the economy, which led to sharp increases in auto demand. But those economic policies helped erode profit margins for carmakers, who had to operate with higher labor and social security charges and strict price controls. In 1983, when the government was forced to adopt austerity measures, the French car market collapsed.

Only now is the government tackling the issue of too many cars. (Continued on Page 11, Col. 1)

U.S. Economy Starts Year Well, Survey Shows

The Associated Press

NEW YORK — The U.S. economy began 1985 growing briskly after a downward drift at the end of 1984, the National Association of Purchasing Management said Sunday in its latest monthly survey.

The group, which comprises purchasing executives of 250 major industrial corporations, said new orders were up sharply in January after a month-long negative trend, and that production improved after slipping in December.

Other good signs were that vendor deliveries slowed slightly and employment improved, it said. In addition, inventory levels increased from year-end lows.

The purchasing managers surveyed also reported more price decreases than increases, for the second consecutive month. And 39 percent of the purchasers indicated that overall price increases for the first quarter so far are running lower than originally budgeted, compared to only 5 percent who said they were higher.

"The economy has entered 1985 strongly," said Robert J. Breitz, chairman of the group's business survey committee and director of corporate purchasing at Pitney Bowes Inc. "The danger signals we were seeing during the last quarter seem to have faded."

The association's composite index increased to 52.5 percent in January from 50.9 percent in December. The index was at 51.4 percent in November, the group said.

A reading below 50 percent indicates that the economy is in a declining phase; above 50 percent, that the economy is expanding.

After the sharpest decline in six months in December, new orders snapped back dramatically in January, the group said.

Members reporting increased new orders rose to 25 percent, the highest since 37 percent in June and up from 19 percent in December, it said.

Production, which dropped in December to a five-month decline, increased sharply last month. The 27 percent reporting better production in January was the highest since 35 percent in June and represented a 15-point margin over the 12 percent reporting worse production.

U.S. Aide Says Protectionist Mood Is Strong

Washington Post Service

BRUSSELS — The record \$123.3-billion U.S. trade deficit for last year will increase pressure on Congress to adopt protectionist measures that could disrupt trade relations between the United States and the European Community, a senior U.S. official has warned.

The official, who spoke on condition that he not be identified, said here Friday that the Reagan administration had a good record on opposition to protectionist measures. He said 180 bills considered protectionist were filed in 1984 but only two trade measures opposed by the EC were passed.

In 1985, however, "the atmosphere is much more conducive" to the adoption of protectionist measures because of the trade deficit, he said. Congress will be under stronger pressure to look for a "shortcut" to reduce the deficit, he said.

The U.S. ran a \$13.3 billion deficit with the EC last year.

Vendor deliveries slowed somewhat in January as purchasers reported catching vendors with their inventories down at the end of the year and struggling to meet the increased demand in January.

The rate of employment improved slightly in January, after five consecutive months of decline. Those reporting same or greater employment rose to 79 percent from 77 percent in December. However, many continued to report belt-tightening measures resulting in selective layoffs, either current or planned within the next month or two.

Purchasers reported increasing inventories in January after numerous reductions in December to keep year-end inventory low.

Seventy-two percent reported same or higher inventories, up from 68 in December, the group said.

West Germans Weigh Opening Capital Markets

By Allan Sanderson

Reuters

FRANKFURT — A major behind-the-scenes debate has begun in West Germany that bankers say could open the door to far-reaching liberalization of the country's capital markets.

West Germany has refused to authorize a

NEWS ANALYSIS

rapidly growing number of financial innovations, devised mainly by U.S. banks. But bankers say the Bonn government and the central bank, the Bundesbank, are pushing for a series of modest changes following similar moves in major world financial centers such as New York, London and Tokyo.

For German bankers, long protected from extremes of competition from aggressive foreign banks, the discussions could herald a new era and break their monopoly in several areas, principally the issuing of Deutsche-mark Eurobonds.

This field, through which non-German borrowers issue mark-denominated bonds in the Eurobond market, is seen by bankers as a particularly cozy world that has yet to be truly exposed to competition from foreign banks.

Under the present system, representatives of six major West German banks meet about once a month to draw up a calendar of borrowers, an informal list agreed upon with the Bundesbank.

Only West German banks are allowed to be lead managers in a DM-Eurobond issue. But if the Bundesbank has its way, foreign banks will get a share of this lucrative fee-earning business.

The Bundesbank confirms that talks on changes in capital-market regulations are under way, but says no timetable has been set.

Bankers see two main reasons the authorities are pushing for liberalization: to head off criticism from abroad that they are not allowing free access to markets, and to keep West German bank business being driven offshore.

Some bankers expect that a decision on foreign bank access to the mark Eurobond market may come soon after the next meeting of the six-bank committee, Feb. 13.

"There will be a thorough discussion on the issue but an outcome depends on whether the parties involved agree or not, and whether the Bundesbank wants to go ahead and simply announce a decision," a German banker said.

German bankers, including some in the Bundesbank, are believed to have major objections to the idea of liberalization. They maintain that the amount of new mark bonds offered could grow out of control, flooding the market and causing a collapse in prices. A bigger market would also expand the Deutsche mark's role in the international financial system, hindering Bundesbank attempts to exert monetary control, they say.

Foreign competition could also spark a fee-cutting battle that would dig into bank profits. Senior officials of U.S. banks in London have said they would quickly take advantage of any opening of West German markets.

Last Week's Markets

All figures are as of close of trading Friday

United States	Last Wk.	Prev. Wk.	% Chg.
DJ Index	1,277.72	1,276.66	+0.13
DJ 100	146.45	146.18	+0.17
DJ 200	69.94	69.73	+0.34
S & P 100	177.06	176.20	+0.82
S & P 500	178.43	177.25	+0.71
NVSE Comp	103.22	102.42	+0.78

Money Rates	Last Wk.	Prev. Wk.	% Chg.
Discount rate	8	8	0
Federal funds rate	8 1/4	8 1/4	0
Prime rate	10 1/2	10 1/2	0

West Germany	Last Wk.	Prev. Wk.	% Chg.
3-month interbank	6 1/2	6 1/2	0
6-month interbank	6 1/2	6 1/2	0
1-year interbank	6 1/2	6 1/2	0

Japan	Last Wk.	Prev. Wk.	% Chg.
3-month interbank	5	5	0
6-month interbank	5	5	0
1-year interbank	5	5	0

France	Last Wk.	Prev. Wk.	% Chg.
3-month interbank	5	5	0
6-month interbank	5	5	0
1-year interbank	5	5	0

Italy	Last Wk.	Prev. Wk.	% Chg.
3-month interbank	5	5	0
6-month interbank	5	5	0
1-year interbank	5	5	0

Spain	Last Wk.	Prev. Wk.	% Chg.
3-month interbank	5	5	0
6-month interbank	5	5	0
1-year interbank	5	5	0

Switzerland	Last Wk.	Prev. Wk.	% Chg.
3-month interbank	5	5	0
6-month interbank	5	5	0
1-year interbank	5	5	0

Belgium	Last Wk.	Prev. Wk.	% Chg.
3-month interbank	5	5	0
6-month interbank	5	5	0
1-year interbank	5	5	0

Netherlands	Last Wk.	Prev. Wk.	% Chg.
3-month interbank	5	5	0
6-month interbank	5	5	0
1-year interbank	5	5	0

Denmark	Last Wk.	Prev. Wk.	% Chg.
3-month interbank	5	5	0
6-month interbank	5	5	0
1-year interbank	5	5	0

Sweden	Last Wk.	Prev. Wk.	% Chg.
3-month interbank	5	5	0
6-month interbank	5	5	0
1-year interbank	5	5	0

Portugal	Last Wk.	Prev. Wk.	% Chg.
3-month interbank	5	5	0
6-month interbank	5	5	0
1-year interbank	5	5	0

Greece	Last Wk.	Prev. Wk.	% Chg.
3-month interbank	5	5	0
6-month interbank	5	5	0
1-year interbank	5	5	0

Spain	Last Wk.	Prev. Wk.	% Chg.
3-month interbank	5	5	0
6-month interbank	5	5	0
1-year interbank	5	5	0

Italy	Last Wk.	Prev. Wk.	% Chg.
3-month interbank	5	5	0
6-month interbank	5	5	0
1-year interbank	5	5	0

France	Last Wk.	Prev. Wk.	% Chg.
3-month interbank	5	5	0
6-month interbank	5	5	0
1-year interbank	5	5	0

Germany	Last Wk.	Prev. Wk.	% Chg.
3-month interbank	5	5	0
6-month interbank	5	5	0
1-year interbank	5	5	0

Japan	Last Wk.	Prev. Wk.	% Chg.
3-month interbank	5	5	0
6-month interbank	5	5	0
1-year interbank	5	5	0

U.S. Dollar	Last Wk.	Prev. Wk.	% Chg.
vs. DM	3.193	3.1725	+0.0205
vs. Yen	160.00	159.00	+0.0100

Citicorp, CIGNA Cancel Loan-Insurance Accord

New York Times Service

NEW YORK — Citicorp and CIGNA Corp. have terminated an agreement under which CIGNA would have insured up to \$900 million of loans to financially troubled Third World countries.

The agreement was reached last May, at the height of concern about whether a number of debt-burdened countries would be able to meet their financial commitments to foreign banks, including Citicorp, one of the biggest international lenders.

The agreement shook the banking and insurance communities. It was believed to be the first time that a bank had resorted to private insurance to protect itself against late repayments of all its loans to a specific country.

Insurance-industry sources had said that CIGNA was having difficulty assembling a reinsurer to underwrite the policy, and that the problem might cause the two companies to abandon the agreement.

News of the agreement was published in Citicorp's quarterly report

LTV Posts Loss Of \$378 Million

United Press International

DALLAS — LTV Corp. has announced a net loss of \$246.7 million in the final quarter of 1984, pushing the company's annual loss to \$378.2 million.

The giant military-equipment, energy and steel company, which acquired Republic Steel in June, blamed the losses on its steel operation. The 1984 loss compared with a loss of \$180.7 million in 1983. The 1984 fourth-quarter loss compared with a profit of \$7.5 million, or 4 cents a share, in the final quarter of 1983.

For the year, LTV's steel division reported a loss of \$217.4 million and for the fourth quarter a loss of \$152.2 million, against losses of \$200.2 million and \$17.2 million in 1983 and that year's final quarter.

Gold Options

(Prices in \$/oz.)

Month	Feb.	Mar.	Apr.	May
200	150.150	150.150	150.150	150.150
300	150.150	150.150	150.150	150.150
400	150.150	150.150	150.150	150.150
500	150.150	150.150	150.150	150.150

Gold 3020.30

Valuers White Weld S.A.

1, Quai de Montebello

1211 Geneva 1, Switzerland

International Bond Prices - Week of Jan. 31

(Continued from Page 8)

Country	Bond Name	Yield	Price	Change
AUSTRIA	100% Govt. 1985	10.50	102.50	+0.25
	100% Govt. 1986	11.00	101.50	+0.25
	100% Govt. 1987	11.50	100.50	+0.25
	100% Govt. 1988	12.00	99.50	+0.25
	100% Govt. 1989	12.50	98.50	+0.25
	100% Govt. 1990	13.00	97.50	+0.25
	100% Govt. 1991	13.50	96.50	+0.25
	100% Govt. 1992	14.00	95.50	+0.25
	100% Govt. 1993	14.50	94.50	+0.25
	100% Govt. 1994	15.00	93.50	+0.25
CANADA	100% Govt. 1985	10.00	103.50	+0.25
	100% Govt. 1986	10.50	102.50	+0.25
	100% Govt. 1987	11.00	101.50	+0.25
	100% Govt. 1988	11.50	100.50	+0.25
	100% Govt. 1989	12.00	99.50	+0.25
	100% Govt. 1990	12.50	98.50	+0.25
	100% Govt. 1991	13.00	97.50	+0.25
	100% Govt. 1992	13.50	96.50	+0.25
	100% Govt. 1993	14.00	95.50	+0.25
	100% Govt. 1994	14.50	94.50	+0.25
FRANCE	100% Govt. 1985	10.00	103.50	+0.25
	100% Govt. 1986	10.50	102.50	+0.25
	100% Govt. 1987	11.00	101.50	+0.25
	100% Govt. 1988	11.50	100.50	+0.25
	100% Govt. 1989	12.00	99.50	+0.25
	100% Govt. 1990	12.50	98.50	+0.25
	100% Govt. 1991	13.00	97.50	+0.25
	100% Govt. 1992	13.50	96.50	+0.25
	100% Govt. 1993	14.00	95.50	+0.25
	100% Govt. 1994	14.50	94.50	+0.25
GERMANY	100% Govt. 1985	10.00	103.50	+0.25
	100% Govt. 1986	10.50	102.50	+0.25
	100% Govt. 1987	11.00	101.50	+0.25
	100% Govt. 1988	11.50	100.50	+0.25
	100% Govt. 1989	12.00	99.50	+0.25
	100% Govt. 1990	12.50	98.50	+0.25
	100% Govt. 1991	13.00	97.50	+0.25
	100% Govt. 1992	13.50	96.50	+0.25
	100% Govt. 1993	14.00	95.50	+0.25
	100% Govt. 1994	14.50	94.50	+0.25

American Exchange Options

For the Week Ending Feb. 1, 1984

Option	Price	Call	Put	Option	Price	Call	Put
AMT	10.00	102.50	101.50	AMT	10.00	102.50	101.50
AMT	10.00	102.50	101.50	AMT	10.00	102.50	101.50
AMT	10.00	102.50	101.50	AMT	10.00	102.50	101.50
AMT	10.00	102.50	101.50	AMT	10.00	102.50	101.50
AMT	10.00	102.50	101.50	AMT	10.00	102.50	101.50
AMT	10.00	102.50	101.50	AMT	10.00	102.50	101.50
AMT	10.00	102.50	101.50	AMT	10.00	102.50	101.50
AMT	10.00	102.50	101.50	AMT	10.00	102.50	101.50
AMT	10.00	102.50	101.50	AMT	10.00	102.50	101.50

Mutual Funds

Prices Feb. 1, 1984

Fund Name	Price	Change
AMT	10.00	+0.25
AMT	10.00	+0.25
AMT	10.00	+0.25
AMT	10.00	+0.25
AMT	10.00	+0.25
AMT	10.00	+0.25
AMT	10.00	+0.25
AMT	10.00	+0.25
AMT	10.00	+0.25
AMT	10.00	+0.25

Country	Bond Name	Yield	Price	Change
IRELAND	100% Govt. 1985	10.00	103.50	+0.25
	100% Govt. 1986	10.50	102.50	+0.25
	100% Govt. 1987	11.00	101.50	+0.25
	100% Govt. 1988	11.50	100.50	+0.25
	100% Govt. 1989	12.00	99.50	+0.25
	100% Govt. 1990	12.50	98.50	+0.25
	100% Govt. 1991	13.00	97.50	+0.25
	100% Govt. 1992	13.50	96.50	+0.25
	100% Govt. 1993	14.00	95.50	+0.25
	100% Govt. 1994	14.50	94.50	+0.25
JAPAN	100% Govt. 1985	10.00	103.50	+0.25
	100% Govt. 1986	10.50	102.50	+0.25
	100% Govt. 1987	11.00	101.50	+0.25
	100% Govt. 1988	11.50	100.50	+0.25
	100% Govt. 1989	12.00	99.50	+0.25
	100% Govt. 1990	12.50	98.50	+0.25
	100% Govt. 1991	13.00	97.50	+0.25
	100% Govt. 1992	13.50	96.50	+0.25
	100% Govt. 1993	14.00	95.50	+0.25
	100% Govt. 1994	14.50	94.50	+0.25
NETHERLANDS	100% Govt. 1985	10.00	103.50	+0.25
	100% Govt. 1986	10.50	102.50	+0.25
	100% Govt. 1987	11.00	101.50	+0.25
	100% Govt. 1988	11.50	100.50	+0.25
	100% Govt. 1989	12.00	99.50	+0.25
	100% Govt. 1990	12.50	98.50	+0.25
	100% Govt. 1991	13.00	97.50	+0.25
	100% Govt. 1992	13.50	96.50	+0.25
	100% Govt. 1993	14.00	95.50	+0.25
	100% Govt. 1994	14.50	94.50	+0.25

CONVERTIBLE BONDS

Country	Bond Name	Yield	Price	Change
EUROPE	100% Govt. 1985	10.00	103.50	+0.25
	100% Govt. 1986	10.50	102.50	+0.25
	100% Govt. 1987	11.00	101.50	+0.25
	100% Govt. 1988	11.50	100.50	+0.25
	100% Govt. 1989	12.00	99.50	+0.25
	100% Govt. 1990	12.50	98.50	+0.25
	100% Govt. 1991	13.00	97.50	+0.25
	100% Govt. 1992	13.50	96.50	+0.25
	100% Govt. 1993	14.00	95.50	+0.25
	100% Govt. 1994	14.50	94.50	+0.25
UNITED STATES AMERICA	100% Govt. 1985	10.00	103.50	+0.25
	100% Govt. 1986	10.50	102.50	+0.25
	100% Govt. 1987	11.00	101.50	+0.25
	100% Govt. 1988	11.50	100.50	+0.25
	100% Govt. 1989	12.00	99.50	+0.25
	100% Govt. 1990	12.50	98.50	+0.25
	100% Govt. 1991	13.00	97.50	+0.25
	100% Govt. 1992	13.50	96.50	+0.25
	100% Govt. 1993	14.00	95.50	+0.25
	100% Govt. 1994	14.50	94.50	+0.25

HIGHEST CURRENT YIELDS

On convertibles having a conversion premium of less than 10%.

Bond Name	Yield	Price	Change
AMT	10.00	102.50	+0.25
AMT	10.00	102.50	+0.25
AMT	10.00	102.50	+0.25
AMT	10.00	102.50	+0.25
AMT	10.00	102.50	+0.25

Explanation of Symbols

Symbol	Meaning
AMT	American Mutual Trust
AMT	American Mutual Trust
AMT	American Mutual Trust
AMT	American Mutual Trust
AMT	American Mutual Trust

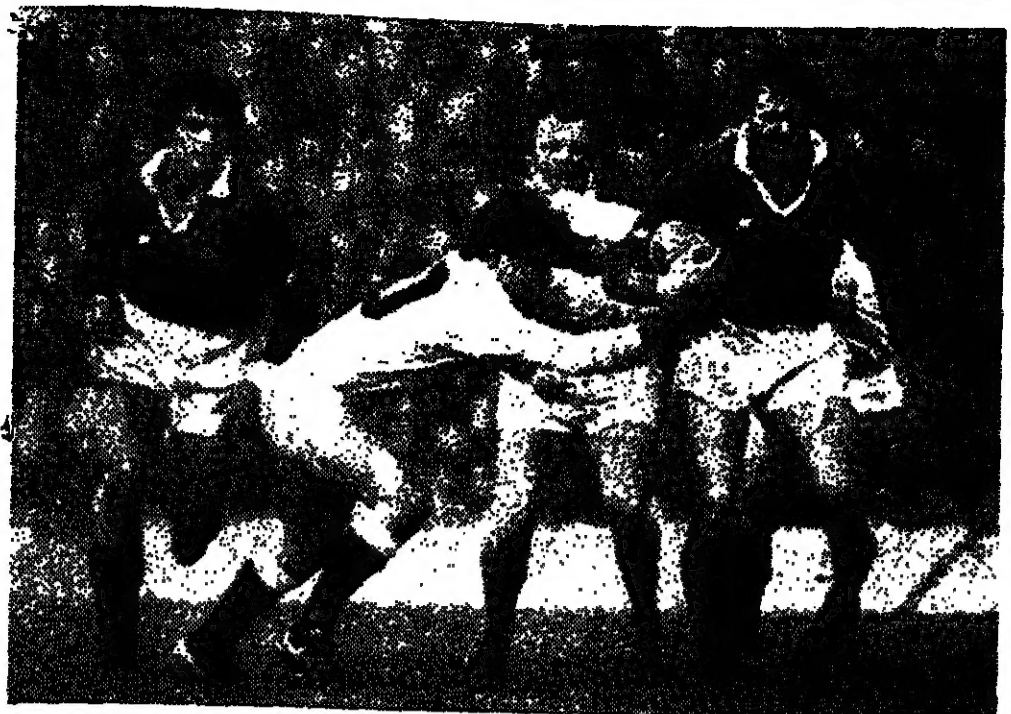
INTERNATIONAL HERALD TRIBUNE, MONDAY, FEBRUARY 4, 1985

[illegible][illegible]

(Continued on Page 11)

SPORTS

Zürbruggen, Figini Lead Swiss Sweep of Downhills



English flyhalf Rob Andrew goes for charging French flanker Laurent Rodriguez, who has flanker Jacques Gratton up in support at Twickenham. Irish referee David Burnett watches.

England Ties France; Irish Win

By Bob Donahue

International Herald Tribune

LONDON — The British media

had been getting it wrong all week,

but the anonymous writer of the

summary introduction on BBC 1

got it just right: Opening day saw

England holding the favorites and

Ireland beating the champions

and that made "a sensational start"

to the Five Nations rugby season.

The much touted French settled

for a 9-9 draw with England at

Twickenham. The Scots, who had

swept all four of their matches last

year, were outplayed in Edinburgh,

18-15, by the rejuvenated version of

an Irish team that had lost all four

times last year.

While fans watched televised re-

runs of the match highlights, the

glumest among the plump French

faces at the formal banquet on Par-

ty Palace, the ace try-scorer who

boasted his only scoring chance

Saturday. But Estève was not the

only culprit in the French fiasco.

And all last week's news of En-

gland's death was premature. "No

borders," the Daily Mail had called

captain Paul Dodge's men Satur-

day morning, in a typical example

of the media putdown that fired up

the inexperienced team. It came

out alive and kicking — a drop and

two penalty goals by new flyhalf

Rob Andrew, a lean 21-year-old in

his third year at Cambridge.

Andrew's last points, matching

the nine from three drops by

French flyhalf Jean-Patrick Lesca-

bour, came in the last minute of

regulation time. Again, as with En-

gland's good late in the first half,

France paid for overconfidence

and English spunk paid off.

French forwards finished ex-

hausted after too much dominant

but ultimately sterile shoving in

the scrums. England's forwards

were still barging up the middle as

the clock was running out, led by

No. 8 Bob Hesford and flanker David

Cooke. The rush broke down, but

the French conceded a penalty on

England's 45.

England ran the penalty immedi-

ately and the French backed off too

slowly. "We were tired," captain

Philippe Dittmars admitted later.

NHL FOCUS

goals coming in the Canadiens' 5-1

victory over the Los Angeles Kings

here Saturday night.

McPhee took only three shots on

goal, but he made all of them

count, scoring once in the first peri-

od and twice in the third for his

first NHL hat trick. "I couldn't

believe seeing the third goal go in,

because for me a two-goal night is

great," said McPhee. "Three is un-

believable."

The Canadiens, who lead the

league in power-play goals, took a

1-0 lead with 8:45 left in the first

period when Bobby Smith scored

during a manpower advantage. But

the Kings' Marcel Dionne scored

off a rebound of a shot by Bernie

Nichols early in the second period.

McPhee scored his first goal with

11:20 left in the second when he

put a shot between goalie Bob Jan-

ney's stick and the post. With

Ryan Walter tallied on a power

play goal to give Montreal a 3-1

lead with 5:42 left in the period.

McPhee's second goal came with

14:37 to play, when he skated

around the net and jammed the

puck in. He got his hat trick on a

35-foot slapshot with 11:53 left.

Offside. So Andrew could place the

ball on France's 45, a barely kick-

able distance against the wind. Early

in the match he had missed a pen-

alty shot from close in with the wind

behind him. Twice play had to be

stopped so he could recover from

hard knocks. Now he calmly

goaled.

"We should not be as pleased as

we are with a draw," coach Richard

Greenwood said, more or less seri-

ously.

Heroes included new lock Wade

Dooley, who won more lineout

possession than Greenwood had

expected England to get. And An-

drew, for his kicks and also for

launching his fellow backs on at-

tack after attack. But "the man of

the match, without a doubt," said

Greenwood, was scrumhalf Rich-

ard Harding, an ancient rookie at

31, for hustling to catch Estève

when the Frenchman was already

over England's line.

Aside from defense — England

remains tryless at home in Five

Nations play since 1983 — the

French backs had a spectacular of-

fense. They tumbled high punts,

passed distractedly, miskicked and

wandered offside. Only once were

they recognizable: center Philippe

Sella checking and dashing back to

his forwards for a ruck on the right

and then popping up in a sweep

leftward to lob the ball over a de-

fender to fullback Serge Blanco.

Estève, who had scored across

from the right wing, took Blanco's

instantaneous pass and crossed the

line untouched. But instead of put-

ting the ball down he veered in-

fied to get closer to the posts and

make the conversion easier. As he

took off on an unnecessary dive, he

threw off an unnecessary pass, and

he was overtaken by a Minge, clatter-

ed down on top and knocked the

ball loose before Estève landed.

"You just don't do that in inter-

national rugby," Estève confessed.

"You take the try when it comes. I

committed the sin of gluttony." His

coach, Jacques Fouroux, blamed

him for the loss of the match, re-

sponding that a try before halftime

would have opened up the game.

FIVE NATIONS RUGBY

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expected England to get. And An-

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coach, Jacques Fouroux, blamed

him for the loss of the match, re-

sponding that a try before halftime

would have opened up the game.

Greenwood praised the French

forwards for methodical control.

He edged Switzerland's Franz

Heizer (2:07.45) into fourth, while

the Austrian trio of Franz Klam-

mer, Peter Wirsberger and Hel-

mut Hoflechner took places five

through seven.

In the women's race at Santa

Caterina Valfurva, Figini re-

covered from nearly losing a pole at

the start to repeat her Olympic tri-

umph. She timed 1:26.96 in win-

ning by an impressive margin of

more than 1.60 seconds.

Figini's compatriot Ariane Ehrat

finished second with a time of 1:28.57.

Austrian Sigrid Wolf missed a

medal by one-hundredth of a sec-

ond, coming fourth in 1:28.58.

West Germany's Regine Mösen-

lechner was fifth in 1:28.64 while

Olympic silver medalist Maria

Walliser of Switzerland finished a

disappointing fifth in 1:28.76.

"Of course I'm very happy," said

Zürbruggen, who could be a medal

contender in all four men's events

here. "The start number and I was

able to follow it. Everything felt

good — I had no trouble with the

knee. I had an optimal run."

Zürbruggen won two World Cup

downhills on consecutive days at

Kirchbühl, Austria, last month. But

an injured knee, which was oper-

ated on Jan. 13, put him out of rac-

ing until last Friday — when he

won the combined event downhill

at these championships.

"I was happy when the tempera-

ture started going down last night,

because that made conditions

equal for everyone," he said. "I

committed no mistakes."

Müller repeated his performance

at the 1984 Olympics, where he also

took the silver medal, but he had

no intention of becoming known as a

perennial runner-up. "I'm very

happy about my second place, but I

intend to win in two years' time,"

said the 22-year-old Swiss skier.

Conditions favored the technical

specialists among the men down-

hills. Seven racers crashed,

among them Austrian Anton

Steiner and Günther Marxer of

Liechtenstein in spectacular falls,

but none was reported seriously

injured.

Lewis, still a member only of the

U.S. "B" team and recording by far

his best result ever, thoroughly

elbowed compatriot Bill Johnson,

the Olympic champion. Johnson

finished 14th.

"I didn't think about beating

people like Bill or Zürbruggen but

only about having fun and a good

race," said Lewis. "It was a really

fair race, and there was no dis-

advantage in starting from the

second group."

Lewis, whose best result before

Sunday was an eighth place in a

World Cup downhill on the same

course six weeks ago, and Sylvia

Eder, who led the race Saturday

before it was put back by a bad

weather. Eder finished 10th Sun-

day.

because that made conditions

equal for everyone," he said. "I

committed no mistakes."

Müller repeated his performance

at the 1984 Olympics, where he also

took the silver medal, but he had

no intention of becoming known as a

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Liechtenstein in spectacular falls,

but none was reported seriously

injured.

Lewis, still a member only of the

U.S. "B" team and recording by far

his best result ever, thoroughly

elbowed compatriot Bill Johnson,

the Olympic champion. Johnson

finished 14th.

"I didn't think about beating

people like Bill or Zürbruggen but

only about having fun and a good

race," said Lewis. "It was a really

fair race, and there was no dis-

advantage in starting from the

second group."

Lewis, whose best result before

Sunday was an eighth place in a

World Cup downhill on the same

course six weeks ago, and Sylvia

Eder, who led the race Saturday

before it was put back by a bad

weather. Eder finished 10th Sun-

